

JUL 14 1944

# CREDIT

and Financial Management

July 1944



O thus be it ever, when free men shall stand  
Between their loved homes and the war's desolation!  
Blest with vict'ry and peace, may the heav'n rescued land  
Praise the Power that hath made and preserved us a nation!  
Then conquer we must, when our cause it is just,  
And this be our motto, "In God is our trust!"  
And the Star-Spangled Banner in triumph shall wave  
O'er the land of the free and the home of the brave.

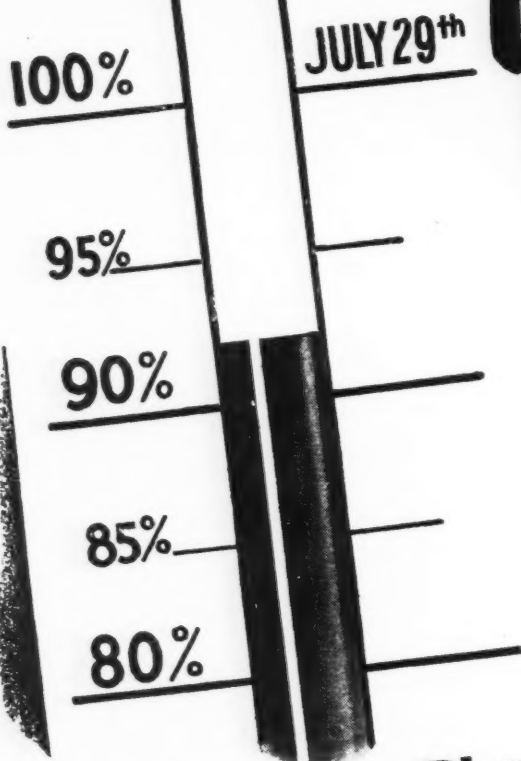
Cutting Costs—Page 4

Tax Simplification—Page 10

Distribution Problems of Wholesalers—Page 7

Problems of Your Industrial Customers—Page 12

Forthcoming Financial Problems—Page 15



# Stay at Your Battle Stations!

## MANAGEMENT LABOR

—the 5th War Loan Drive is still on.

July 29th is the last pay day in the Drive.

The U. S. Treasury has set the overall goal at \$16,000,000,000 —\$6,000,000,000 from individuals alone. This is the biggest sum ever asked of the American people—and it must be raised!

Keep fighting. The 5th War Loan is a crucial home front battle of tremendous importance to the total war effort.

Tighten up your 5th War Loan Drive organization. Step up your solicitation tempo. Drive! Drive!! Drive!!! Hit your Plant Quota's 100% mark with a bang that'll proclaim to all the world that the U. S. Home Front is solidly in back of the Fighting Front.

Need help? Need ideas? Call on the Chairman of your War Finance Committee. He's standing by.

### Here's the Quota Plan:

1. Plant quotas are to be established on the basis of an average \$100 cash (not maturity value) purchase per employee.
2. Regular Payroll Savings deductions made during the drive accounting period will be credited toward the plant quota.
3. Employees are expected to contribute toward raising the cash quota by buying extra 5th War Loan Bonds: 1—Outright by cash. 2—By extra installment deductions. 3—By extra installment deductions plus cash.

**Example: JOHN DOE MFG. CO.—1,000 Employees**

1,000 Employees x \$100	\$100,000 Cash Quota
Regular payroll deductions during the eight weekly payroll accounting periods of June and July.	30,000
	\$70,000 (to be raised by sales of extra Bonds).

**BACK THE ATTACK—SELL MORE THAN BEFORE**



*The Treasury Department acknowledges with appreciation the publication of this message by*

**CREDIT AND FINANCIAL MANAGEMENT**

# CREDIT

## *and Financial Management*

### Contents

**JULY 1944**

VOLUME 46, No. 7

Official Publication of National  
Association of Credit Men

Chestnut at 56th St.,  
Philadelphia 39, Pa.

One Park Avenue,  
New York 16, N. Y.

Editor and Manager  
Richard G. Tobin

Advertising Manager  
Clifford T. Rogers  
(Major, U.S.A., on Leave)

ESTABLISHED 1898

Pat Tracey (Editorial).....	Henry H. Heimann	2
Cutting Costs of Operation for Business.....	Gus C. Klippel	4
Distribution and Credit Problems of the Wholesaler	E. D. Plummer	7
Tax Simplification.....	Victor H. Stempf	10
Post-War Credit Problems (Excerpt from Credit Congress Address) .....	Harold G. Moulton	11
Post-War Problems of Industrial Customers	Robert C. Utley	12
Forthcoming Financial Problems of Our Customers	J. L. Vesper	15
Credit Conditions After the War and How to Prepare for Them Now.....	R. J. Stowell	20
S.W.P.A. Issues Disposal Regulation on Surplus Material...		22
Termination Law Sets Procedure for Contract Settlements..		26
Approved Adjustment Bureaus.....		28
National Association of Credit Men Organization Chart, 1944 .....		30
News About Credit Matters.....		33-36



## ***Pat Tracey***

**CFM** Very few readers of this magazine or the members of our organization ever knew or heard of Pat Tracey. Pat was a lively young American boy of Irish ancestry. There was a bit of the Irish smile about his face at all times; the Irish wit to liquidate the pompous and the boastful; the American hustle to get ahead. Pat was a regular fellow.

Yes, Pat was a young boy who worked in the Foreign Department. No job too menial for Pat to tackle. No errand too small for him to lose interest. He always gave his best in whatever he did. And he did plenty.

Then one day his country needed him. We sent him off to the war with a little party of good cheer. It just didn't seem right not to do so. Pat was going to be out there doing his bit for you and me.

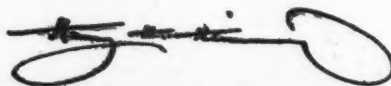
Pat liked to fly so he joined the Air Force. From time to time we heard from Pat. We knew he was getting on well but never from what he told us. Pat was so modest and so lovable.

One day last month Pat went over Germany. He didn't come back. He will never come back in person.

It is not that Pat has left us. We somehow feel that he is still there with those Irish eyes of his and that Irish wit—there pitching in doing his level best.

It's the thousands of Pat Traceys that we the living can never forget. All we have, all we do, all we live for depends on Pat Tracey and many like him.

Goodbye, Pat—but you'll never really leave us. We won't let you.



Henry H. Heimann





# SHOCK TROOPS OF HUMANITY!

From the shell-torn areas right behind our fighting men to the firesides of the most peaceful of American homes, an army of men and women mobilized under the most humane of all banners is doing an enormous part to win this war.

Just think a minute of the major divisions of this great force—think what they are doing every hour of every day! Here are the three great “arms” of the American Red Cross:

**First**—those directly aiding the armed forces;

**Second**—the countless guardians of civilian welfare, tireless workers on the home front;

**Third**—those who send aid to prisoners of war, unswerving in their help to our captured fighters.

And there are many subdivisions of this army — blood donors, Nurse’s Aides, Gray Ladies, field service men and women. Backing them, in turn, are the millions of Americans, often anonymous, who through their generous contributions make this possible.

It is with a feeling of gratitude that The Home Insurance Company—many of whose producers, staff, and their families are taking an active part in this noble work—publishes this message.

*This is the fourth of a series of advertisements dedicated to the American Red Cross by*

**THE HOME INSURANCE COMPANY, NEW YORK**

**FIRE • AUTOMOBILE • MARINE**

# Cutting Costs of Operation for Business

## *Credit Interchange Based Upon Mutual Profit*

**CF** Not long ago it was necessary for me to go up into the hill country to take care of some business. My investigation led me far into the "back-woods" section, among people and into a territory which our modern society associates with the "underprivileged" and the sub-standard element of our population. To these people, our modern automobile seemed to be one of the Seven Wonders, and many inhabitants of the district had never seen a steam locomotive and train of cars. I tried to find a telephone, but there was not one in the district—not even the more or less unsatisfactory "cranking" kind.

Many times since that day I have wondered what changes telephones might bring into the life of that community. Without a telephone, conversation with one's neighbor, the doctor, or the proprietor of the crossroads store a few miles over the hill, required a walk or a muleback ride for an hour or two, or even longer.

Telephone service itself would not make conversation for them any easier. It would not correct their sentence construction or English, and would not eliminate the "hill-billy" accent which at times makes clear understanding difficult. Telephone service could at best only serve as a vehicle for their conversations and permit them to take place without long, time-wasting trips to get together.

### **We Need a Profit Incentive**

**MY** experience among these people convinced me that time did not mean very much to them and, therefore, the time-saving economy and convenience of the modern telephone was of little advantage to them. Who could help but realize that, to need telephones, a people or community or business enterprise needs to have a profit incentive and an urge to cut costs of operation.

By **GUS C. KLIPPEL**

*Credit Manager, Van Camp Hardware & Iron Co., Indianapolis, and a National Director, N.A.C.M.*



So often when I think of these people of the hill country, the telephone and cutting costs of operation, I think of National Credit Interchange. Why do I associate these ideas? Well—what is National Credit Interchange? It is our own vehicle or system through which we credit men can best exchange our ledger experience information with one another. It, like the telephone, is only a service, providing the equipment and means by which our "conversations" with one another regarding a very important factor of our credit analysis can most economically take place. The real value of our system naturally depends greatly upon our professional goal—our aim—our ultimate objective in seeking an exchange of information

with one another. Let us look back, then, over the road we have traveled and determine just which way we are going in order that we might see clearly our objective and determine the value of our National Credit Interchange System.

### **How Credit Interchange Came About**

**M**ANY years ago when credit practice was in its infancy, credit men began to realize that there was much advantage in getting together, talking over their problems and giving each other the benefit of their experiences with mutual customers and debtors. The idea of freely *exchanging* ledger experience soon became axiomatic. Bill would ask John for his experience with the account of Dealer Brown, and upon being told what John's ledgers revealed as to the paying record of Dealer Brown, Bill would say, "Thanks. Call on me for any of my information whenever you want it."

Free and unrestricted exchange of ledger experience information became one of the most important and fundamental precepts of professional credit practice, and remains so today.

Thousands upon thousands of letters of inquiry and reply resulted from the ever-increasing need for the other fellow's experience. Since everyone realized that, to receive information from others, inquiries from others must be answered when received, each credit man soon found that it was a quite common occurrence for half dozen or dozen inquiries on a single dealer to come in for answer within a 30- or a 60-day period. Thousands of the inquiries were duplications, and it needed no master mind to see that, if the duplications could be eliminated without destroying the fundamental precept—free and unrestricted *exchange*—



the cost to business would be materially reduced.

### Real Information Was Wanted

IN other words, if credit men could invent some vehicle through which the exchange of information could take place and through which this enormous factor of duplication would be weeded out and eliminated, a service of tremendous value to business and industry would result.

Those days were the "hill country" or the "backwoods" days of credit practice. We had lots of talking to do with each other but we had no vehicle which cut the expense of having our conversations.

Why did we want free and unrestricted exchange? As I look back over the road we have traveled thus far, I cannot believe that we sought free and unrestricted exchange for the purpose, as expressed by a few persons, "to get an idea of how he pays his bills." It seems to me that we realized the importance of having a complete set of facts on which to base our analysis of the credit risk in order that our final determination might be sound and in keeping with the responsibility placed upon us by business and industry. It seems evident to me that we seek to eliminate in our analysis of each credit risk the uncertainty that exists as to the number of creditors and amount owing to each. We must be working to the end, therefore, of accomplishing a complete exchange of all ledger experiences on each debtor. I am sure that this is one of our professional objectives.

### Here's the Profit Incentive

WHY did we seek a means of eliminating the duplication of inquiries? The profit incentive is paramount in every business effort, and it follows, therefore, that the justification for the existence of any credit department rests in its ability to help the concern make profits. As costs of operation rise, net profits decline. So if we select our credit risks with such nicety that we obtain the largest portion of business from the average or below average type of credit risk, as it is profitable to handle, we have materially aided our firms to make a profit. However, if we increase our costs of operation, we reduce our net profits; so we must also be alert to

## Simplified Tax Measure May Require a Re-Vote

It now appears that when the Congress made haste to pass the so-called Simplified Tax Bill, it let an error slip by which may require the recall of the measure and a revoting. In Section 5 where is presented a table to be used by those with adjusted gross income of less than \$5,000, it is now found that a mistake of \$10 has been made in listing the tax to be paid by single persons with no dependents in the bracket from \$1075 to \$1,100. The experts figured this tax at \$110 but the official print of the bill as signed by President Roosevelt shows this tax at \$100. Up to the time of going to press, it had not been decided by the solons as to just how it was best to correct this error.

cut costs so that the profits we have helped to produce may be conserved.

To do the kind of job that justifies our existence in the modern business scheme, we need free and unrestricted exchange of ledger experience information; to cut costs of operation, we need to make this exchange in the most economical manner. Any system which will eliminate duplication of inquiries in quantity, will cut the cost of making the exchange of information.

To me our professional goal seems very clear. We seek complete exchange of ledger experience information, unrestricted and unqualified, and desire that it be consummated on the most economical basis.

### What Do Inquiries Cost?

DO you believe that it would be expensive to set up your credit department on a basis which would permit you to answer two inquiries per year from every creditor of every one of your customers? Do you realize that is approximately your potential obligation if you accept our fundamental precept, and that the potential will become more and more actual as

we approach our professional goal? I will say frankly that we have long ago ceased to be satisfied with two or three experiences "just to get an idea of the way the customer pays his bills." We may be fooled a few times, but we eventually learn our lesson. We realize also that to trade my information on a particular account for yours on the same account is not our goal. We tear down and destroy our fundamental precept the moment we condone a policy of exchanging certain of my information for certain of yours.

As we perfect our science in credit practice—as we improve our technique in appraising the credit risk—the need for the ledger experience of all others increases. The flow of inquiries and replies increases also, and duplications multiply. National Credit Interchange eliminates these duplications, and therein lies the factor of saving money for business and industry.

Tests have proven that costs are cut materially. Seven-tenths of the cost of answering inquiries can be saved through the weeding out of duplicate inquiries without interfering with complete exchange. If you will



make a test to determine the potential cost of answering inquiries on one thousand accounts, I am sure that you will agree that National Credit Interchange cuts the annual cost of *giving* information \$200.00 or more per thousand accounts. How much will business executives be willing to pay for that cut in costs?

### Only Service to Sell

LET us clearly understand that National Credit Interchange has nothing to sell but service. It performs a function for us and does not sell information or reports. Many so-called competitive organizations from which I receive inquiries expect me to reply so that they can *sell* my information to their clients. They are established on a basis directly opposed to the fundamental precept of professional credit practice. I know of no competitor of National Credit Interchange, but if there is one, it can only render the same service that we can render, and to support such competitor would increase the overall cost to all business and industry. Specialized services operate in certain individual lines of industry and offer facilities for the exchange of *certain* of my information for *certain* of yours, and furnish enough clearances "to get an idea of how he pays." Now remember this, that whenever these special or so-called competitive organizations conform to the underlying principles which professional credit men consider necessary for the accomplishment of complete, free and unrestricted exchange of ledger experience information among each other, they will then be offering identically the same thing that National Credit Interchange offers all of you today. Let me repeat that it is our service, conceived by credit men, for the main purpose of cutting costs of operation for all business through elimination of duplication of inquiry.

There is another very definite economy which I will touch on only briefly because it is so evident. How shall we determine of whom to inquire in order to get our information? There is expense involved in that. National Credit Interchange does that for us also, resulting in further economy.

### The Ideal We Hope For

IN National Credit Interchange every member creditor is known to

be a creditor. If every business concern was a member, every creditor of every business would be known. The system can, therefore, if we want it to, give us experiences of all creditors, whereas by individual investigation we probably can get only a fraction of them. The experiences of many come to us tabulated on one sheet, convenient for filing. The cost of the information is less than the postage and stationery expense of individual exchange.

The cost of maintaining the system is less than the saving to business and industry in reduced cost of *giving* information. Every individual business in paying its fair pro rata share of the expense of the system, not only cuts its costs, but in addition secures the very information it wants in determining one of the most important factors in credit analysis—the number of creditors, amount owing to each, and payment record.

National Credit Interchange functions through local Associations or Bureaus. Just what are these Associations or Bureaus? They are merely groups of members. If, as in the case of exchanging ledger experience information, we as members find it expedient to transfer our responsibility for giving information to the Bureau in order to save money by eliminating the duplication of inquiries and replies, we cannot avoid our responsibility to share the expense of conducting the Bureau. That expense is less than it would be if we continued to operate individually.

### Members Must Pay Cost

IF we have any Bureau, therefore, that has not been able to operate on at least a break-even basis, it can only be because it has not properly allocated its costs among its members. If the members refuse to pay their fair share of the costs, then they either do not recognize that the service has cut their costs of giving information 70 per cent, or they do not believe in free and unrestricted exchange. You cannot judge the value of your Bureau only by the information you are able to get from it.

I have made a sufficient number of tests to prove to my satisfaction that my theory is correct, and, therefore, have difficulty in listening sympathetically to those Bureau members who claim that their Bureau has some load

or burden placed upon it by others. Whose burden is it? It is a burden of each individual member proportionately and, if he objects to it, he is only objecting to the cost of maintaining the principle of free and unrestricted exchange of information. The giver of information is not doing the receiver a favor. It is his professional obligation to give it. If a Bureau objects to the cost of giving information, how much more strenuously should its members object to the cost of doing it individually when the presently eliminated duplications again become actual.

Are you being fair with your employer—the fellow who really "pays the freight"—can you with clear conscience justify to him your refusal to recognize and accept this modern system, knowing that you are increasing his cost of doing business by your refusal? Or are you then taking a gamble that we will not succeed in reaching our professional goal?

### A Bet Against Losses

HAVE you been weighing the tangible value of the ledger experience information on the individual report against some figure which you have assumed to be the cost of the report? Remember, National Credit Interchange has nothing to sell except service—a mechanical sort of operation which does a job for you much more economically than you can do it yourself. There is nothing wrong with the idea on which the effort is based, nor can there be anything of consequence wrong with the mechanics of the system. If each of us will do our part and assume our obligation as professional credit executives to accept the fundamental precept—free and unrestricted exchange—and pay our fair pro rata share of the cost of our National Credit Interchange System, we are actually taking a big part in the major effort of our individual businesses—to make a profit. Cutting costs of operation surely helps materially toward profits.

Show me a business executive who will refuse to spend \$25.00 to save \$100.00, and in addition receive a dividend in the way of information which will surely reduce his credit losses, and I will then—and only then—accept his statement that he has no use for National Credit Interchange Service.

# Distribution and Credit Problems of the Wholesaler

By E. D. PLUMMER

Treasurer and Secretary Toole-Campbell  
Dry Goods Co., St. Joseph, Mo.

It will probably help us in our approach to the future to remind ourselves of the past and consider the present situation of the wholesaler.

The functions of the wholesaler always have served commerce, limited only by the means of available transportation: ships, camels, slave labor, ox-cart, covered wagon, railroad, canal, airplane.

Always the functions of a wholesaler have been the same—to buy in large quantities many items and resell in smaller quantities in such a manner that his customers may have a stock that will serve his community with wanted items at reasonable prices. By so doing a distinct service has been rendered to civilization and a worthwhile contribution made to the well-being of mankind.

Wholesalers from the beginning of time have been keenly interested in transportation and use and development of any new or better means of transportation or communications, better ships, better camels, better wagons, railroads, canals, and have been largely responsible for this country's railroad, express, parcel post and air mail development.

## Some of the Problems to Be Faced

WITH this history and background, it is not hard for us to understand that wholesalers have met every changing condition of each succeeding generation successfully, adapting themselves to new ways, methods, conditions and circumstances of either business, or government, and it is for the reason that in the past our members have succeeded and continued to serve their day and generation with profit to themselves and benefit to the commercial world that we can continue to look forward to successfully meeting future distribution and credit problems.

Let's take stock of what those

problems will most likely be—and weigh them against the past—

First—the effect on sales of the return of peace.

Second—changes in transportation.

Third—price changes; style trends.

Fourth—population changes.

Fifth—government restrictions.

Considering the effect on sales at the end of the war, we naturally think of volume and expect it to shrink; some think otherwise and expect that new factors will be so favorable, that present volume can be maintained. Which is the right answer?

All will agree that war production is one important factor in increased sales. Some attribute increase in sales to the better agricultural conditions that have been general in the last several years; some to the change in population. Our job is to find the right answer. In doing that we need to bear in mind—that immediately on the defeat of our first enemy there will be unemployment on a larger scale and those out of work will not be able to buy as now. Also, our exports and Lend-Lease or both will be sharply revised so that that field will be more restricted. These factors will automatically affect the agricultural situation as when both domestic and foreign markets are curtailed at the same time, agriculture must slow up as we do not have a domestic market that absorbs all our crops usually and more especially of a volume such as has been raised in the last two years.

Against these views are the opinions of those who look for an uninterrupted volume of sales, believing that the surplus funds accumulated in the hands of consumers, plus War Bonds, plus Unemployment Insurance benefits, will be enough to make up for unemployment and that the unfilled needs will be bought by those

who have put aside funds for such wants.

## The Picture Is Not Rosy

NO doubt these are factors of importance, but I cannot feel they will offset the prospects of large-scale unemployment and loss of a large percentage of foreign markets and lessened agricultural markets. Therefore, as wholesalers, we had better prepare ourselves to meet conditions of greatly reduced sales. This means checking up on territory—salesmen, samples, packaging, and expenses of selling in relation to new volume anticipated. Many territories have been restricted because of lack of manpower, gasoline or goods. The original field will have to be recaptured and new ground won in order to sustain volume needed, or the old field definitely dropped and efforts confined to a smaller area and more intensively worked. This calls for a definite analysis of every territory in the light of new conditions and the policy adopted that seems best fitted for your business.

Salesmen will require most careful handling and revamping. In the last two years it has been a seller's market, sales made without effort, prices unchallenged; any class of merchandise used. Under such conditions, naturally our salesmen drifted with the tide. They will have to be remade in order to again secure sales against just the reverse of above conditions. In many cases it will take new salesmen who can absorb your ideas, methods and new policies; in many other cases, the old salesmen will have to be made over and "sold" again on the policy you adopt and made satisfied with the territory enlarged or restricted as the case may be.

## Changes in Transportation

FIRST, we must pay tribute to the railroad companies, express company and parcel post system for the



wonderful manner in which they have met the war situation and under most trying and difficult conditions have rendered such exceptional service to business. Suffering from loss of manpower—war rules and regulations, and general conditions common to all of us, the railroads have increased their efficiency in a marvelous manner, with the result that movement of troops and war materials of all kinds have been met on time and business commerce has been carried on without delay, hindrance, or serious accident.

However, no class of business is exempt from change, and transportation will have to meet changes that the war has advanced by 25 or 30 years.

Most likely one great field will be the use of the airplane for lightweight goods, by both freight and express shipment. The Government will have surplus airplane equipment, personnel, and what would be more logical than for these to be sold to some railroad, or other private transportation system. Such uses would put our goods from East to West in a day's time or less; middle distances, a shorter time. The effect on our business as wholesalers is readily apparent to all and will vary only with the class of merchandise we each handle and how soon we can adopt it with profit.

#### Must Be Ready for Change

**H**OW soon such a development in transportation will reach us no one knows, but it is something that will affect all of us, and we should be prepared for whatever improvement may result. One effect that can be anticipated is lower stock of merchandise with quicker turnover; another, the benefit to big cities of a more abundant supply of perishable goods, foodstuffs, with resultant benefit to agricultural communities for an improved market for vegetables, meats, milk, etc. Certainly no big city could be said to have enough of such things, and no farming community but could benefit from an enlarged market.

These latter things are not in our lines of business, but our lines of business would benefit from such improved transportation and more particularly from the improvement in a larger market for the farming communities they serve. Other improvements will undoubtedly be made in

present forms of transportation, affecting travel and postage, as a new factor in one form always calls for improvement in existing means and these again will affect our business of distribution, probably our salesmen, delivery of merchandise, manner it is put up or packaged for sale, manpower, and living quarters in large cities.

#### Effect of Price and Style Trends

**F**OR some years now prices have been regulated and are regarded as fixed, stable, and on a common general level and can only be increased after due permission of O.P.A.

Prices have advanced since the war started, and no doubt will continue to do so until the close of the war; no system of regulation can stop the laws of supply and demand, cause and effect. To what extent price rises have taken place good authorities differ. For our purpose today we need not concern ourselves with that phase of the situation but only with the thought of the effect on our particular form of business after the war. To the extent prices rise we can be sure they will fall—how quickly will depend on many factors: Government Bureau, Lend-Lease, Sale of Surplus War Stocks, crops raised in this and foreign countries, amount of inventories on hand, and many other factors. What man or business could always rightly appraise these factors? Yet we must do so, if we are to be able to continue in business for these factors will be the most important of all with which we must deal.

Whatever is the date of ending of the war or the first enemy to be overcome, our business must be prepared to meet the shock of lower prices, no matter whether this comes quickly as in the last war or is a gradual decline. Successfully meeting this challenge to our business existence is a game to be looked forward to with fascination in matching our wits against any and all of the forces opposed to us.

#### When Will Prices Fall?

**T**HE first thought is what time will such a change come? Only the Almighty could answer that; therefore, it would seem wise to commence now and have our houses in order, taking such steps as individual firms consider best as their trade conditions, locations and financial setup warrants.

Low inventories are essential for any one place; insist on your house being in that condition, no matter what anyone else does. Preach that to owner, buyer, salesman, customers, day in and day out. It is the cornerstone on which all else must be laid. Preach this until it is accomplished, be willing to be unpopular now on account of it. Your reward will come later and pay big dividends. Have the minimum of substitute merchandise, being sure that the real goods will soon be available and substitutes then practically worthless.

A reserve fund now for inventory losses should be set up; make it more than you think needed. Better come out of profits now than later. Follow these essential steps with instructions to your merchandise department heads, buyers, or whoever prices your goods, that as soon as market changes to "Lower our Prices" and make sales on "New" basis. You will then be sure the effect of changing prices will have been successfully met and at lowest possible cost to you. Of particular interest to us as wholesalers, is one fact of near uniform duration, that is, that following each war, wholesale prices declined steadily for a period of 16 to 13 years. Period after War of 1812 was 16 years; Civil War, 15 years; World War I, 13 years.

#### Effect of Style Changes

**A**LONG with price changes is factor of style, and that factor is much more elusive and harder to deal with as it is to a large extent unpredictable, nevertheless an item that must be taken into consideration. "Style" is something more than the shape of a woman's hat, dress or shoes; it typifies the times and conditions in which we live.

Undoubtedly our generation will largely be known as War Period Style, and changes affecting us by change of population, age of people, use of more luxury lines of merchandise, more income in hands of people, low income groups, less in come in hands of former high income groups, in pre-war income group of incomes of \$1,000 to \$2,000. An increase of 300 per cent in income has taken place while in income group of lowest group of income under \$1,000, the increase has been nearly 2000 per cent. Such increases in buying power of these classes of population can't



help but change the style trend of consumer buying. Meeting this change is a must for success in merchandising.

### Population Changes

WITH 10 to 12 million men in armed services, defense plants in various parts of the country employing from 3000 to 15,000 people in one area, some cities having their population increased 20 per cent to 60 per cent, and other cities losing in the same proportion; with farms and very small towns losing people to the big cities, our shifting population presents another factor to be reckoned with. How shall we reach the new population in big cities? By decentralized retail sections, by super markets, by more and better self-service stores? And to what extent is this shifting of population going to be permanent? After answering these questions to our satisfaction, then our policy can be formed. As wholesalers, our functions are to get goods to retailer, quickly, cheaply, and at low cost; therefore, it seems to me one great concern in this connection is the matter of improved transportation facilities and given that we can meet the needs of big cities promptly and efficiently, covering any expansion. Meeting needs of the centers who have lost population is mostly a matter of adjusting our services to volume now present.

### Government Regulations

WHEN we consider the background of American business, its individual training and inheritance of freedom of restraint from any source, the wonder is that business has accepted the many government regulations and restrictions, rules and directions, with the minimum of friction and has adapted itself to the New Order so successfully. Undoubtedly the war necessity is responsible for the result. Looking to the future, we naturally are deeply interested in knowing how long these various regulations will continue and to what extent they will be a part of the permanent conditions under which business will have to operate.

A.A.A. prices have been guaranteed for two years after the war ends; arbitrary Labor Arbitration has been provided for six months after the war ends. O.P.A. has no time limit, but

### WHEN BERLIN FALLS!

Donald L. Nelson, WPB chairman, announced in mid-June that a 50% cut in War Production will be made as soon as Berlin is defeated by the Allies. This announcement hastened action by the Congress on Demobilization plans.

apparently expects to be in power for quite some time after the end of the war. Wage and salary restrictions have no definite expiration date. Rationing will probably be with us only a short time after the end of the war.

History teaches us that it takes much longer to get rid of such rules, regulations, restrictions than to acquire them, and a possible guide for business is that after every war the United States has been in the recovery, pattern of business has roughly been:

For the first six months after the ending of war, there was a period of hesitancy, doubt and uncertainty.

For the next two years, a boom period of increased business and higher prices—full employment.

For the next two years, a depression, falling prices and unemployment.

Following these periods of extremes, there have been continued years of recovery and prosperity, lasting from four to eight years.

It is certainly to be hoped that release from these restrictions, rules, and regulations will come very early after the end of war, but business judgment would seem to be to plan on a period lasting much nearer one to two years after the end of the war, and that relief will be gradual.

### Credit Executives Place in Wholesalers Service

I HAVE taken the liberty of portraying some business conditions affecting wholesalers, believing from them we could more effectively appraise the credit executive's place in wholesale service and distribution plans, as before any particular function of service is rendered, we must have the business or sales.

The dictionary defines "place" as "to direct or rest with confidence."

Truly appraising credit is to direct

the flow of our sales to merchants in whom we have confidence, and in doing this we do many things:

Help American business, our firms, our fellow employees, our Government and ourselves.

Doing this calls for men of vision—faith—good judgment—hard work.

Vision to see the possibilities of wholesale distribution in coming seasons and years.

Vision to see the possibilities of his customers.

Vision to see the possibilities of development of our country's resources.

Vision to see the possibilities of improvement in government.

This vision of Wholesalers Service in the future will rightly appraise the present easy sales and understand they are temporary. Soon we will have to really work to secure sales, competition will be keener, prices harder to maintain, population shifted, new demands from every quarter; then must a credit executive make clear that service is the one foundation on which our business is built, that we are continuing to give retailers a most valuable service that cannot be replaced, and at low cost, and because of this we are a distinct asset to the business life of this country.

### The Vision of Confidence

THE Credit Man's vision of his customers will be a confidence in human nature, expecting only the best from every man, dealing with them in such a manner as to draw from them the same confidence; for the coming seasons will soon see an end to present easy terms, prompt payments and small losses; then, our terms will be longer; settlements slower; and real credit must be extended and risks assumed that are not now taken. Cash sales, short terms and no charge accounts may be justified in war, but such terms do not develop a business and do not render service such as we wholesalers must do if we are to stay in business. Vision of a credit executive of his customers, will see them as the most valuable asset of a business and his place will be to develop them by every means available, but particularly along lines that the service rendered their communities is a distinct benefit aside from any gain they may individually make. This idea of service cannot be too strongly emphasized.

# Tax Simplification

## Job Requires Technical Skill of Experts



Burdensome and confusing federal tax laws are intolerable in an economy harassed by the many other crucial problems of the transition from war production to civilian pursuits.

Sound planning and budgeting are the pillars of orderly business conduct. Unnecessary complexity and uncertainty are anathema in a business world where avoidable impediments should not be permitted to hamper the resumption of private enterprise.

The need for tax reform and simplification is universally recognized.

Early attention has focused upon the simplification of individual income tax computations and returns, simplification of administrative regulations and policies, and revision of specific statutory provisions. Such tinkering has bred the interminable changes in form and incidence of taxation which have compounded confusion since the inception of the Act.

A thorough and complete overhauling is needed to establish long range bases of taxation whereunder rates only shall be changed from time to time to meet the needs of the Treasury.

### A Thorough Job Is Needed

IN a recent address before the American Economic Association, Dr. Roy Blough, Director of the Division of Tax Research of the Treasury Department, said:

*"A very challenging opportunity presents itself in a prospective redesign of the tax system for the postwar period. Thoughtful people everywhere agree that neither prewar nor the wartime system of taxation will be acceptable for postwar conditions."*

Emphasis upon the long range redesign of the federal tax system, as distinguished from partial, piecemeal patchwork, has been fostered for

By **VICTOR H. STEMPF**

President, American Institute  
of Accountants

many years by the American Institute of Accountants, which again adopted a resolution at its fifty-sixth annual meeting on October 19, 1943, calling for the establishment by Congress of a nonpartisan tax commission to:

*"write a simple revenue law which will express a permanent and consistent policy of federal taxation";*

believing this to be the most direct and practicable approach to the problem.

### Three Bills Before Congress

THREE major bills have been introduced in Congress to provide for the creation of special groups of experts.

Representatives Frank Carlson (R) of Kansas and Aime Forand (D) of Rhode Island have sponsored H. J. Res. 211 and H. R. 4086, respectively, each proposing the establishment of a federal tax commission to study the tax laws and to make recommendations for clarification and simplification to Congress.

Representative Harold Knutson (R) of Minnesota has introduced H. J. Res. 233 authorizing the Joint Congressional Committee on Internal Revenue Taxation to appoint an advisory council to aid in making a streamlined, simplified, and coordinated tax system.

Perhaps no one of these three bills is perfect, but each serves the desired objective. The bill ultimately to issue from the House Ways and Means Committee should distill the best from each of them.

The need to delegate this task to an outside body of experts rests upon the highly specialized technical nature and scope of the project. The

magnitude of the task can be appreciated by briefly reviewing some of its broader aspects.

### Present Laws Haphazard

THE existing tax system is the product of haphazard growth in the midst of an expanding and widely diversified economy. No long range, consistent tax policy has evolved, and tax laws have been enacted primarily on the basis of short range expediency. It is only natural that the tax laws have frequently been poorly integrated. Both direct and indirect social and economic consequences have not been adequately evaluated before enactment.

The rationale of the various concepts and forms of taxation and their impact upon our economy must be reviewed. Broad problems such as the correlation of income, estate and gift taxes, with special attention to the problems of powers of appointment in the estate tax law and to trusts in the income, estate, and gift tax; a complete study of the role which the corporate income tax should play in the postwar economy as to the ability of corporations to raise equity capital under present high rates and double taxation of corporate dividends are only a few examples.

Coupled with the lack of a well defined tax policy (the first requisite of a sound tax structure) there has been an attempt to meet each exceptional situation which arises under our complex business and social mechanism.

### Job Faced Is Difficult

THE endeavor to classify all types of deductions in determining net income, to distinguish each type of income by source and use, to incorporate relief for all unusual cases, to carefully discern and plug all loopholes, may be singly very desirable objectives; but a simple tax law to fit



all parts of our society is probably unattainable, and to carry distinctions too far produces an impracticable system.

Maximum equity, protection of revenue, and many other considerations, complete with simplicity. These must be carefully weighed, and a practical approach adopted. Sound, accepted accounting principles, utilized as a major tool in business management and for government regulatory purposes, may provide one solution for the determination of "net taxable corporate income," which at best is not a precise thing. The enactment of a statute in general terms, leaving the details to administrative regulation, may provide another approach toward flexibility in resolving unusual cases.

Simple arrangement of wording of statutes, elimination of cross references, parenthetical phrases, etc., a current, modern codification, simplification of administrative policies and procedures, and condensation of income tax returns and instructions, are other tasks which have to be done. All existing studies, reports, and recommendations on taxation sponsored by private and government organizations should be sifted.

It is quite clear that this type of over-all simplification is a full time job. The existing technical staffs of the Joint Congressional Committee, the Treasury, and the Bureau of Internal Revenue are primarily confronted with immediate problems. They are pressed to correct inequities, to raise more revenue, and to plug loopholes—to do all the things which arise from day to day. The demands of this immediate work sidetrack the larger, time-consuming task of reviewing the whole tax system.

Experts Miss Broad View

CONGRESSIONAL leaders are chosen by the people to determine the broad tax policy and not to serve as technicians in the field of taxation. They are burdened with many other legislative tasks and responsibilities. They cannot be expected to devote themselves to detailed tax research.

Private organizations and individuals, interested in taxation, who present recommendations at Congressional hearings are rarely concerned

with the over-all picture. They generally present suggestions for correction of limited aspects, or they request relief and special privilege measures.

The most logical solution is the establishment of an independent group of experts to make a complete objective study of the tax law, and to recommend to Congress the enactment of a simplified, orderly, and consistent tax structure.

Many organizations of lawyers, accountants, credit men and business men have shown active interest in the subject of federal taxation, and have taken the lead in supporting the proposal for thoroughgoing tax reform through the establishment of adequate machinery to do the task.

The National Association of Credit

Men, the American Institute of Accountants, the American Bar Association, the National Association of Cost Accountants, and the New York State Chamber of Commerce have endorsed the purpose of the pending bills in Congress to establish either a federal tax commission or an advisory council to the Joint Congressional Committee on Internal Revenue Taxation.

The Baruch Report on War and Post-War Adjustment Policies has recommended that:

*"a postwar tax law be drafted now during the war and put on a shelf for use at the end of the war."*

Clearly this is not an overnight job. It is, therefore, important that the study be begun at once as part of our effective postwar planning program.

Postwar Credit Problem

(Editor's Note: In his address before the Omaha War Credit Congress, Harold G. Moulton, president of Brookings Institution, Washington, D. C., outlined what he thought would be the part credit would play in the postwar reconversion period. The following extract from Mr. Moulton's address covers this important subject.)

For a good many years now private credit has been at ebb tide. I use the word *tide* because credit requirements fluctuate profoundly over the years. They fluctuate not only with the changing volume of business in the ups and downs of the business cycle. Even more they flow and ebb with the long-term movements of commodity prices and the level of costs.

As everyone knows, the war period has seen a great increase in the total national production and hence in the income received by the American people. The net national income has, in fact, more than doubled—in dollar terms—since 1939, increasing from roughly 148 billions. This increase is attributable, first, to an increase in the number of workers of about 46 millions to over 62 millions—counting all those in the armed forces as well as those working on war and civilian production jobs. It is in part also the result of overtime work and pay. Second, it is due to the rise in the level of commodity prices and wage rates.

Straight time wage rates, without overtime, have risen roughly 50 per cent in manufacturing. Overtime pay brings the increase to 58 per cent. Aggregate wages in manufacturing (taking account of the increased numbers as well as increased

rates) have increased as much as 94 per cent. Meanwhile, the prices of agricultural raw materials used in manufacturing processes have increased as much as 93 per cent and food prices by 50 per cent.

In the years immediately following the war there will accordingly be a very great increase in the aggregate volume of credit required by American business. This generalization applies to long-term investment credit, to intermediate-term credit, and to short-term commercial credit. It is true of trade credit extended by manufacturers, as well as of credit extended by banks and other financial institutions. The total volume of private credit extensions will undoubtedly be much larger than in the war period itself, and vastly in excess of the amount outstanding in the late thirties.

The volume of private credit after the war will be larger than it has been during the war for the simple reason that now the government furnishes a substantial proportion of the total.

The great expansion in credit requirements after the war as compared with the late thirties is primarily due to (1) a substantial rise in the level of prices and costs, and (2) the expected increase in physical volume of production. The rise in the level of

(Continued on page 25)



# Post War Problems of Industrial Customers

*Termination, Conversion, Markets, Profits Most Important*

**ON** Just to read off a list of all the problems that our customers are going to be confronted with would take a good half-hour, so to get anything out of this at all, we are going to have to pick a few of the highlights, or those problems admittedly most important, and see if we can't stir up some discussion on them.

I come from Detroit, and when we speak of Industrial Customers we think in terms of the "automobile." Detroit, of course, has many other industries, but it seems that most manufacturers in one way or another tie in with the automobile. My company's main reason for existence is to serve automotive production and we devote almost our whole effort to that end. Their problems in some respect might be technically different from other industrial concerns, but I believe that as a whole all large industries will be faced with like obstacles and our comments can be interpreted into most all industrial lines.

Let us enumerate the fundamental problems that we will want to discuss. First and weightiest at present is *Termination of War Contracts*. I have heard that discussed several times at over an hour a crack. I will try to touch on it briefly, but you will want to go to the authorities for the real information.

## Many Problems Ahead

**T**HE next big problem, as I see it, is *Reconversion*; a veritable jigsaw of problems, the key to which will solve many other problems and right now the Government holds it. Following that let's take up the *Manpower* question—not lack of it in the immediate post-war, but what to do with the over supply? The problem might also be expressed—how to keep full employment. Next is *Inventory*. What to do with what they've got and where to get what they want! And then comes *Prices*. Will traffic bear the inflation? Next is question of *Markets*. Is there go-

By **ROBERT UTLEY**

Ditzler Color Division, Pittsburgh Plate Glass Co., Detroit



I think on the whole we've had it very easy. Credit in my experience has never been better. Never have I seen financial statements with such cash balances, such clean receivables, and low payables. Certain types of accounts are in wonderful position. Others, however, mainly those that have wrapped themselves in tremendous war expansion, are out on a limb, so to speak, and it will be up to the Government to either saw off the limb and let them crash, or extend a helping hand. Thank goodness, indications are that they will get at least some of the help which will be so urgently needed, but it behooves us to follow these conditions closely so we can know what can be done and how it can be done, when the time comes.

## Are We Ready for the Big Job?

**A**RE we ready for the big job now? Personally I doubt it! Maybe you have thought about it and maybe you haven't, but I heard it expressed recently that credit men are coasting downhill. This brought me up with a start! I guess one always reacts violently when accused. I thought I'd been working awfully hard, but after I had listened a while to further comments and had thought the remarks over some, I concluded there was a little something to it.

Let's look at it this way. Our Research Departments, Engineering Departments, and Production Departments have really been scratching. They have been faced with more problems than a good many have seen in their entire history. The war and its pressure of necessity has fired them with creative imagination and a will to do, that will take a long time to be equaled, and it has been an unmistakably good job that has been done. But the point is they are keyed up. They are thinking—new ideas are flowing.

The war in this way has done a wonderful thing. Think how they are set for the post-war period; unbeatable enthusiasm and determina-

ing to be a shift in the type of markets? Following hand in hand comes the Dealer question involving distribution costs and last but not least—are there going to be any *Profits*?

We all probably feel that we ourselves have many problems, and therefore are not too anxious to look too far into the problems of our customers, but let me tell you right now if we are going to do our job right, we've got to do more than just look into these problems. We've got to study them, not only from the standpoint of what effect they will have on us directly, but what effect they're going to play upon our whole economic system. Where is our customer going to come out in them? What effect is it going to have on his customer? We have many different types of customers and there are a lot of them that are going to need some good advice. Are we going to be prepared to give it to them straight? It can't be done by waiting for things to happen.

tion already. No problem seems too tough. The harder they are the better they like them. They have cast themselves loose from all old-hide-bound methods—they are reaching out for the new—mentally they are working in the future.

### What About Selling?

NOW just compare this with the Sales and Credit Departments. In every line it is a Seller's market. Our Salesmen don't sell, they are just dividers—allowing some here and some there. The only original thinking done is how to keep a customer satisfied without selling him anything. But that isn't beating competition and developing new markets and customers. It isn't the stuff that's going to sell us over the hump in post-war business. No, they are way behind and the credit man isn't much different. He did a lot of worrying when the war first came along. All of his customers were going out of business. There wasn't going to be a chance for small business to survive. His loss potential in a good many instances was terrific. Oh, it was really going to be tough and he probably scratched around plenty making sure that he got his house in order before the fold-ups came. But what did happen? American ingenuity and the good old Yankee Spirit of making something out of nothing kept most everybody going along. The survival has been phenomenal.

If we in Automotive Detroit had believed reports emanating from Washington, we would have believed the automobile was gone for the duration. Every dealer was supposed to fold up; no automotive parts jobber would be able to keep its doors open. But I think the figures show that there are only a few less dealers and, incidentally, they are stronger financially with their service work and only a very small mortality has occurred in the wholesale field. Even every Tom, Dick and Harry that couldn't scrape \$100 up to pay a past due bill now never fails to discount on the 10th. A lot of our fancied problems have never developed.

Less and less have we had to match our wits. Everything is going our way. Have we been waiting at times for business to get back to normal—for the good old days?

If we have, we definitely have

## 5th War Loan

### Offers Us a Chance to Take Part in the Liberation of Europe

been coasting downhill. I don't mean to infer that we haven't been busy. Every credit man I've talked to has been piled high with extra work of this and that. But have we been under pressure for creative ideas? Are we up on our toes to what is coming? Are we in trim for the problems that we are going to face tomorrow? Maybe we are, but to me it's worth thinking about and possibly we can bring some of this out in our discussions of the problems our customers are going to face.

### How Soon Can We Settle?

NOW let's see, we were going to start with a discussion of Termination of War Contracts. Here really is a prime worry for most industrial concerns. Practically everyone is tied up in direct or sub-contract war work, fully realizing that some day the war is going to end and those contracts will be cancelled—maybe cancelled quite suddenly. Of course, as far as the boys over there are concerned, the sooner and the more suddenly, the better. We all want it over in a hurry and are doing what we can to that end, but a sudden break will make it mighty hard for business. We all know what cancelled contracts mean—money tied up in work in process, in inventory, and in unusable machinery.

The question is how soon can settlement be made? How much on what, will prime and sub contractors be able to realize? What amount of red tape and investigation will have to be gone through? Many companies will find themselves hard put to swing into production until needed finances can be procured. Some will need the space now occupied by Government-owned machinery. The termination agreement should take care of this—but again how fast?

Of course other companies will be able to make the change to peacetime production without much difficulty, but how about their vital suppliers. Might not they be the ones that are tied up, or how about their former customers—what shape will they be in? Many companies are going to stay in other lines and others may not yet be able to take the production. The point is that in one way or another this "termination" business will affect most everyone.

Post-war plans can be drawn up tight to the closest detail, but how fast they can be put into action will depend in large extent on the speed and fairness that settlements are received on the terminated war contracts. I think it is at present a number (1) problem, acting as a cloud over the future. Good work is being done and a solution should be coming forth shortly, but it is something every credit man must keep well informed on.

### Plans Are Inter-related

ALL of these problems we want to discuss are inter-related in one way or another with each other. You can't talk about one completely without mentioning or bringing up some point about another. Reconversion, our second problem, follows closely with Termination. In fact, when they worry about how they are going to reconvert, they are stopped somewhat by not knowing how they are going to be Terminated. Nevertheless, plans must be laid as intelligently as possible.

The whole reconversion problem with all its ramifications of getting into peace-time operations presents a jigsaw puzzle for business that has more unusual pieces and is of greater magnitude than any ever dreamed of by the most enterprising jigsaw fan. And rightly, it is not a problem for industry alone, for to be completely solved it will need the cooperation of the "big three"—management, labor, and Government.

To approach the subject, possibly we had best clarify what we mean by Reconversion. First, it cannot be considered as any standardized method of procedure. It varies with each industry and company, but for our purposes I believe we can group it into two general classifications. In group one are the companies which plan to return to production of their



original peace-time products. They will have the problem of tearing out practically all war work equipment and replacing it with either equipment previously removed or with entirely new equipment.

### Some in New Fields

**T**HE second group are those manufacturers who are planning to go into entirely new fields. Theirs will be the problems of completely reorganizing and refitting the plant and production facilities.

Of course, there are all grades of variations of the two, plus those companies which continued to make their regular products throughout the war period. Many have been able to use the same machinery and equipment and will only need to change some jigs and fixtures to get right back into peace-time production.

Around Detroit our International customers fall into the first group primarily. They are the automobile companies that have torn out their highly technical assembly lines, actually leveling automotive production facilities and conveyor systems with blow torches in their hurry to convert to making airplane parts, tanks, guns, shells and the like. Machinery which was usable only for automotive production—and a large percentage of it was—was wrapped in tarpaulins and carted out into the yard where it still stands in the weather. Unless you have seen these plants before and after, you have no idea what a complete conversion job was done and what a marvelous piece of planning and ingenuity was accomplished in putting these mammoth plants into war production with such incredible speed.

### What of Govt. Machines?

**T**HE problems ahead to reconvert them to peace-time production will be every bit as great and in a good many cases industry will probably not be able to act with the speed and decision that characterized their getting into war work. In the first place, many of the machines in their plants are now owned by the Government and in no way can be used for peace-time products. Will the Government let them cart these machines into the weather the same as they did their own machines before? It is very doubtful.

Yet speedup of Reconversion is of

vital importance. There are many very necessary civilian products that are greatly needed. To snap back into a comfortable economy after the war, it will be necessary that as little time as possible be wasted in getting into production. Take the automobile industry alone as an example. Only one problem is the employment angle which we will discuss more fully later. Many thousands of people are employed in these factories both now and during normal production — prolonged unemployment would really create a problem. But aside from that, the country needs new automobiles, just as it needs new stoves, washing machines, refrigerators and all the things we haven't had for so long.

There is a tremendous debt hanging over this country and the only way to rightly pay it off is to create wealth through production. We have proved that you can't spend yourself out of debt and we will have a wonderful opportunity now, if the powers that be will let us, to show that only production creates wealth.

### "Dreams" Must Wait

**M**ANY people feel that immediately after the war everything they are going to buy will be the streamlined dream model. A while ago a lot of artists drew up some dreams about the post-war automobile. People got pretty enthused as to what they thought they were going to get, but the hard-headed production men in charge of making these post-war automobiles soon laid their cards on the table and announced that the car produced after the war would be the same as the last model made with the exception of possibly a little face lifting. If anyone still persists in thinking they are going to get a tear-drop dream car of the future a few months after the war, they are due to be extremely disappointed. Five or six months is the most optimistic view I have heard from those that are really supposed to know, and that will be a car very little different from the last pre-war car produced. In all other industries those who have had anything to do with product-development know that most of the new ideas will not have any great post-war significance. The big problem is to get under way . . . get production moving and then it

can be steered into the ideas of the future.

We mentioned a while back that the employment problem figured very largely in these considerations. Industry, labor, and Government are putting a lot of thought on this one, too. Of course, industry has been worrying right along about manpower because we've all been short of it, but now large industry is trying to figure ways of keeping employment up immediately after the war. When contracts are cancelled and reconversion is in process, what is to be done with all the workers? Some feel there will be wide unemployment with all its consequent evils. Others look hopefully to a cushioning effect, especially if the War Department continues to taper off on war contracts. There really isn't a great deal that can be done if the whole war ends suddenly. But it does seem unlikely that both the Atlantic and the Pacific will end at the time. Therefore, industry as a whole is hopefully looking for certain types of war production to be discontinued and certain industries will be allowed to get into civilian production, thus easing the labor supply around.

### Inventories Are a Worry

**T**HE next problem our customers will probably be worrying about is their inventory. I know that most of our customers are going to have many gallons of Olive Drab on hand immediately after the war that they will want to get out of their inventory as quickly as possible. Also, they are going to want a lot of things in one big hurry that they aren't going to get. I think most companies will face the same problems before they can swing into peace-time production. They will have to find some means of getting rid of what they've got and can't use and do some scratching for the things they do want.

Of course, how they come out on termination will determine a lot the condition of their unusable inventory, but there will still be the problem of getting things out of the way to make room for the new inventories coming in. I know the War Production Board and the OPA figure on a certain amount of continuation of rationing and allocations. This will make it easier for some and harder for others. Some companies are pre-

*(Continued on page 24)*



# Forthcoming Financial Problems of Our Customers

CFM

I believe we will all agree that our credit problems will be extraordinary and intangible in the reconversion and post-war periods; that it would be extremely difficult to try to lay down any set credit rules to follow, because business has never before experienced such conditions as exists at the present time and that will exist in the future. I personally believe that it will be necessary to live, think and try to adjust our credit problems and procedures on a day to day or possibly a month to month basis until such time as normal conditions have been reached, if ever.

We had a concrete example of this in the shoe industry. Starting in the Spring of 1942 shoe credit managers will remember that, on account of an inflationary trend, there was an increased consumer demand for shoes, which increased in its intensity through the Fall of 1942. The reason for this was the fear of the consumer that shoes would be rationed because other commodities had been. You will remember too that rationing finally became effective without warning on February 7, 1943. Credit problems from January 1, 1942 to the present time have not been difficult due to this increased consumer demand for shoes and to rationing. Instead the production problems of all shoe manufacturers have become more difficult, making it necessary to place all customers on a monthly basis, allotting each a definite quota based upon their net purchases for the previous year. Considering the manner in which shoes were sold prior to 1943, even though there is a larger amount of detail involved in producing shoes on a monthly quota basis, I, personally, believe that if shoe manufacturers can continue to operate as long as possible on this basis, in the face of future adverse economic conditions—which we an-

By J. L. VESPER, Credit Mgr.,  
The Walker T. Dickerson Co.  
Columbus, Ohio

ticipate in the post-war period—demanding payment for current monthly shipments before subsequent monthly shipments are made, losses incurred in case of failures will be minimized.

## Rationing May Continue

IT is predicted that we will have shoe rationing for some time after the war. However, if conditions revert back to those like we had in 1932, obviously the consumer demand will change and rationing of shoes on a quota basis to customers will be eliminated, and we may again find ourselves in a period where sales will be somewhat difficult to obtain.

It is very difficult to try to determine just when and what changes will take place in the future, but I believe that we can consider the *first step* toward reconversion is now in process.

It is predicted that after June 1st of this year the manufacturing of war materials will be cut 25%, which possibly will be the *second step* in reconversion. The reason for the cut is that the Army and Navy stockpiles are at a maximum, and there is no necessity of further production of certain types of war materials. The *third step* in reconversion will be after Germany is out of the war picture when it is predicted another 25% cut will be made in the production of war materials. From then on until Japan is out of the War it is believed that about 50% of the war material peak will be produced. From the time Germany is out of the war until Japan is defeated there may be any number of intermediate steps for further reconversion. I believe you will agree that this will be a period

in which credit difficulties will be experienced on account of pre-mature unemployment and economic factors that will not have been anticipated. Considering this, I think you will understand why I feel that it will be necessary to adjust credit problems and procedures on a month to month basis since these intangible factors will not permit any set formula or rule for business to follow. If and when these various economic changes take place it will be necessary for business to make the necessary adjustments and changes to meet them.

## Many New Angles to Face

THERE are so many angles and factors that enter into this future intangible picture that, as stated previously, our credit problems and procedures can only be met from day to day or month to month by careful planning and a careful monthly analysis of balance sheet and profit and loss statements for marginal accounts.

Customers who have not been in the habit of making up monthly statements will have to do so in order to furnish their sources of supply with tangible information to obtain credit and at the same time have an adequate picture to control their business. Conditions will not permit the old way of taking an inventory every 6 months or once a year.

Up to this time you may be thinking—what a pessimist!

If all of you were credit managers from 1930 to 1934 and consider that in 1929 our gross national debt was just a little below 17 billion dollars and that from 1920 to 1930 our national yearly operating expenses were only 4½ billions, with an annual nationals revenue of 5½ billion (1 billion being used to reduce World War I debt, which was reduced 10 billion dollars from 1920 to 1929) and then compare this with a national debt after this War in excess of \$300

billions with an estimated annual interest expense of  $7\frac{1}{2}$  to 9 billions and an overall yearly national operating overhead of from \$20 to \$41 billion, I believe you will agree our jobs will not be a "bed of roses." Maybe, if we are to live to see it through, however, we will need "Four Roses."

Considering all this—how can any credit manager say that he or she can look into the future through "rose-colored glasses" especially when we deal in black figures not red ones, and believe in the true economic laws of supply and demand and diminishing returns, instead of concocted ones that destroyed the Roman Empire and could destroy this great Democracy of ours.

### We Must Be Guides

AS I see it, our job now as well as in the future is to educate and guide our companies' customers so as to help them build the financial strength of their business which will enable them to combat any adverse economic conditions that may exist in the post-war reconstruction business period. It is only through them that our companies live and if customer casualties are too great our companies may die.

You have all examined many financial and operating statements received directly from your customers, as well as reports received from the various mercantile agencies. Practically all reports I have checked and analyzed showed sales volumes in the retail shoe business far in excess of any previous year in the history of the retail shoe business. Obviously with wages frozen and other expenses practically the same as in pre-war years, net profits were excessive—even though the government tax-take was excessive as compared to previous years and most dealers showed substantial increases in their working capital ratios.

Unfortunately most of our customers do not have the advantage of reading the various trade papers, financial reports, bulletins, etc., that we have access to. For example, if you have not reviewed Roy A. Foulke's booklet "Implications of the Peace," recently distributed by Dun & Bradstreet, Inc., I would suggest that you do so. Those who have read it, I believe, will agree it is most

important that we credit managers should stress the absolute importance to our customers of creating stronger financial positions by retaining in their business all profits in excess of Income Taxes in the form of cash or Government Bonds.

Solvency will not depend on average conditions in the five-year period immediately following the peace but rather on the skillful ability to keep all operating cost reasonably within receipts during the transition period.

This will call for an acute sense of timing and ability to make quick changes in policy in order to maintain a satisfactory working capital position for each enterprise.

### Appraisal of Assets

BEFORE discussing the valuation or appraisal and disposition of the major working capital assets, in conjunction with our Customers Forthcoming Financial Problems, I would like to quote a portion of an article "You Can't Outsmart Inflation" from Nation's Business, April, 1944, by Mr. James L. Wick. He states as follows:

"Because of politics, the first measures against inflation will doubtless attack the symptoms—rising prices—rather than the causes—excessive supply of liquid assets—currency, savings, and war bonds, convertible on demand into cash.

"Curbs on business, such as price controls, are imposed under the guise of 'protecting innocent consumers against gouging merchants and manufacturers.'

"Only after these attempts have failed, is it likely to be politically feasible to adopt direct action—government requisitioning of all liquid assets.

"All currency then will be recalled, as was gold in 1933, and a new currency of limited amount issued—the only legal tender after a certain date. Persons with "excessive" quantities of money will be compelled to take part in long-term government bonds.

"Savings accounts and war bonds will perhaps be frozen, then made convertible only over a long term of years. The interest rate will be arbitrarily reduced or even eliminated. (A palatable form of capital levy.)"

I wonder how many of you believe as Mr. Wick does—especially

considering that our gross national debt will probably be in excess of 300 billion, with an estimated 20 to 41 billion yearly government expenditure.

For more than a year I have dared to think along these same lines that Mr. Wick has set forth. However, I am convinced that if we will all try to prepare our customers for the worst condition that could arise and if our customers will consider the seriousness of the intangible future, that they can fortify themselves to carry on.

### We Must Anticipate Trend

IF it is humanly possible, the Credit Fraternity must try to anticipate the pattern of the future reconversion post-war economic trend. Will it be an orderly reconversion, step by step back to a complete production of consumer commodities sufficient to satisfy all the factors of our economic society? Will it be a quick recession with a depression period worse than that of 1920 to 1935; or will it be a runaway inflation eventually resulting in a complete collapse of our economy?

With these three possible future economic trends in mind, I will endeavor to discuss the future valuation or appraisal of the major working capital assets of our customers and their disposition.

Money is a medium of exchange. Cash in the Bank, the first item shown on any Balance Sheet and considered as the *most liquid asset* is usually considered as money. However, I believe we should think of it as so many *Credit Units* and its disposition to exchange for materials, stock in trade, payment of taxes, service, etc.

When we analyze a Balance Sheet we look at the Bank Credit, then look to see if there is a sufficient amount to offset Federal Taxes (which should be shown without question on the Balance Sheet as a Preferred Liability). Most current Balance Sheets have shown sufficient Bank Credit for this Tax Liability and sufficient credit for other Current Liabilities with an additional credit left over. Even with the enormous increase in Federal Taxes during the last  $2\frac{1}{2}$  years, most of our customers have substantially increased their Bank Credit and working capital ratios as I assume yours have.



In conjunction with the present and future valuation of bank credit, permit me to use a concrete example of an item shown on the Balance Sheet of one of our customers. He showed one item—Cash and Bonds \$25,000, and another Cash item amounting to \$2100 with sufficient inventory which, with adequate turnover and quotas, would obtain for him a sales volume for 1944 similar to that of 1943.

Not so long ago, he was a marginal account. Having followed his successful rise from that position to an enviable financial position, I considered it my duty to question this item, Cash and Bonds, even though he has discounted all shipments in the past 2½ inflationary, destructive production years.

### Who Will Be Secure

THIS dealer, like thousands of others, aware of his good fortune has laid aside for a rainy day in accordance with true economic theory. But considering Mr. Wick's predictions will his position be secure? Can he in some way evade possible destruction of his financial house which he has supposedly built so carefully on solid rock only to find that when the "rains come" the rock was only camouflage and his house was "built on sand."

The customer that I mention called at our factory early in May to purchase his fall shoes, when I talked with him about the Balance Sheet item, Cash and Bonds, he told me that he had about \$4000 in "E" Bonds and \$21000 in cash in Safety Deposit Box.

Some of you may say—"Well what's wrong with that?" Others may frown upon it. However, the question is—are his working assets fully protected for future long-term use? Personally I do not feel that they are, for I believe that anyone, whether in business or not, who buys Government Bonds as an investment and the amount of that investment is \$500 or multiples thereof should buy 8 to 10 year Treasury Bonds. The collateral feature of this type of bond protects its future long-term use as working capital to the extent that if credit is needed, they can be borrowed on at a bank when the owner does not wish to sell the bonds on the open market. If future economic conditions are such that Mr. Wick's pre-

dictions necessitate the government freezing bonds of this type, and later converting them over a long term of years, let us hope new bonds that are issued will carry the collateral feature, which would protect this type of asset for working capital purposes. Of course if this is not done there will be little hope for many of us—we will all be in the same predicament. Temporarily, I advised this customer to sell his "E" Bonds and buy 8 to 10 year Treasury Bonds of the next (the 5th) War Loan Issue in order not to have to pay a premium for those issued prior to this time. I also advised him to consider converting a large portion of the \$21000 in cash which he holds in his Safety Deposit Box—that is not needed for working capital—into some type of collateral government bonds, for again considering Mr. Wick's prediction, that certain economic conditions may exist in the future wherein all currency will be recalled (as gold was in 1933) and a new currency of limited amount issued which will be the only legal tender after a certain date, I would hesitate to predict the future value of the present \$21000, if our customer holds it in his Safety Deposit Box.

### Kind of Investment Important

IN some cases, where a large amount of excess cash is being carried, it would be advisable to purchase the short term one year 7½% Certificates of Indebtness, where a concern's capital set up might necessitate the using of some of the excess cash within a year from date of purchase. This type of investment can also be used as collateral and is salable in the open market at any time.

It is quite obvious Government taxes in subsequent years (even with future adjustments) will be excessive in comparison with those in pre-war years: considering that Treasury Savings Notes, series "C", have the collateral feature and are not due until three years from date of issue, any company with excessive Cash or Credit could conservatively estimate its Sales and Profits for a 2 to 3 year period and convert part of its excess Cash into "C" series Notes as a hedge against the recalling of currency in the future.

If in the post-war period we should have runaway inflation, it is most

advisable to convert cash or even bonds into material things, commodities, shoes, clothing, food, drugs, etc.—if at all possible.

I believe that you will agree that the future value of excess Bank Deposits and Bond Investments is very intangible, especially when trying to fully protect the present value for future long-term use and as previously stated—will call for an accurate sense of timing and ability to make quick change of policies, of investment changes, etc.

Accounts Receivable or Trade Debtors are considered as deferred Cash and should follow—Bank Deposits or Cash—on the Balance Sheet because of their liquidity and conversion into Cash in a short period of time. In the valuation of Accounts Receivable the problem is one of appraising the uncollectible items. Assuming that our customers have extended credit wisely and have appraised the uncollectible items in setting up a Reserve for Doubtful Accounts, we may consider the value of the Accounts Receivable item on the Balance Sheet for the amount as shown.

### Accounts Receivable Law

WITH a few exceptions the statements which I have reviewed this year have shown very small amounts for Accounts Receivable. In cases where I thought the Accounts Receivable item was too large I wrote the dealer to the effect that it was not advisable to have such a large amount tied up in Accounts and suggested that he collect and hold his Receivables to a lower figure. Considering the discussion heretofore of the various steps of reconversion, dealers will have to extend credit carefully in the future and especially those whose stores are located in war-production areas. Since our own credit problems as manufacturers in this reconversion period will be in direct proportion to those of our customers—we should give all assistance possible to our dealers to help them avoid losses in Working Capital through Accounts Receivable.

Inventory, Merchandise or Stock-in-Trade—These terms comprise all commodities purchased for resale or ultimate conversion into Cash. The balance sheet should reflect the proper value of what remains on

hand unsold. In pre-war years Stock-in-Trade was supposed to have been valued at cost, or market, whichever is the lower. This method of inventory valuation was in accordance to the strictest accounting procedure and supported by the Treasury Department, in connection with the Federal Income Tax Return. As far back as October, 1916, a direction of the Treasury Department reads: "In case the annual gain, or loss, is determined by inventory, merchandise must be inventoried at the cost price, as any loss in salable value will ultimately be reflected in the sales during the year when the goods are disposed of."

Do current Balance Sheets that we review as a basis for extending credit reflect the true value of the item Merchandise Inventory? I am quite sure that we will all agree that in most cases they are not valued at Cost which is evidenced in figuring the percentage of average mark up. In most cases this percentage is considerably below the required *standard* pre-war average mark up.

It is obvious that retailers have become better merchandisers during the past thirteen years, realizing the changes in value due to deterioration or depreciation of Stock-in-Trade or Inventory. Such deterioration may result from shelf wear, use of goods for display purposes, changes in style, broken lots where such will injure the sales value and the current factor unrationed shoes and *war merchandise* in which substitute materials have had to be used.

#### Valuation of Stocks

**C**ONSEQUENTLY, valuation at cost under these circumstances would be definite inflation of the Inventory value and any objection to this basis of valuation—that the current period will show unrealized losses—is wrong. Deterioration in value rendering stock loss salable is a very real loss and is to be borne by the present period and not by the period in which the sale is made.

Dealers are to be complimented in exercising good business judgment when considering the various deterioration factors to show the true value of their Inventories in Mark Down.

It may be considered that this method of valuation of Stock-in-Trade has developed inventory cushions due

to low gross or the creation of a secret inventory reserve. Possibly so, however, from a financial, a credit, and an accounting angle the true value of Inventories can only be shown when depreciation in value is considered.

In considering present day Inventories it is obvious that they are cleaner and in better condition, with the possible exception of unrationed shoes and war merchandise—that is merchandise that has been placed on the market which is made of substitute materials—than they were prior to our entrance into World War II. This is without question due to the excessive consumer demand which began during the spring of 1942 and continued on through until December 1943 despite rationing. This excessive demand has made it possible for dealers to dispose of most of their depreciated merchandise up through June 15, 1943, the time of the expiration of No. 17 coupon when the consumer demand was at its peak. Due to the restrictions of operating on a quota or rationing basis they have been unable to build up and maintain adequate average monthly Inventories and consequently the amount of the Inventories shown on Balance Sheets in the majority of cases is much lower. This is undoubtedly a healthier and more satisfactory financial basis on which to operate—indeed it would be a great advantage if it would be possible to operate on a lower inventory under normal conditions—as it would not necessitate the tying up of invested capital.

#### Must Study Assets Items

**T**HERE is one statement which I have made regarding the showing of Accounts Receivable as the next item following cash on the balance sheet which I would like to qualify. On most balance sheets, accounts receivable follows cash, since most customers show U. S. obligations as fixed assets rather than a current asset. Possibly they have not realized that inflationary war-production has made it possible for them to accumulate additional capital through excessive profits and that a deflationary trend may make a call upon these partly false assets. Considering this, U. S. Government obligations should follow the cash item on the balance sheet due to their ability to

be converted into cash and to be used as collateral to offset a shortage in working capital, if necessary.

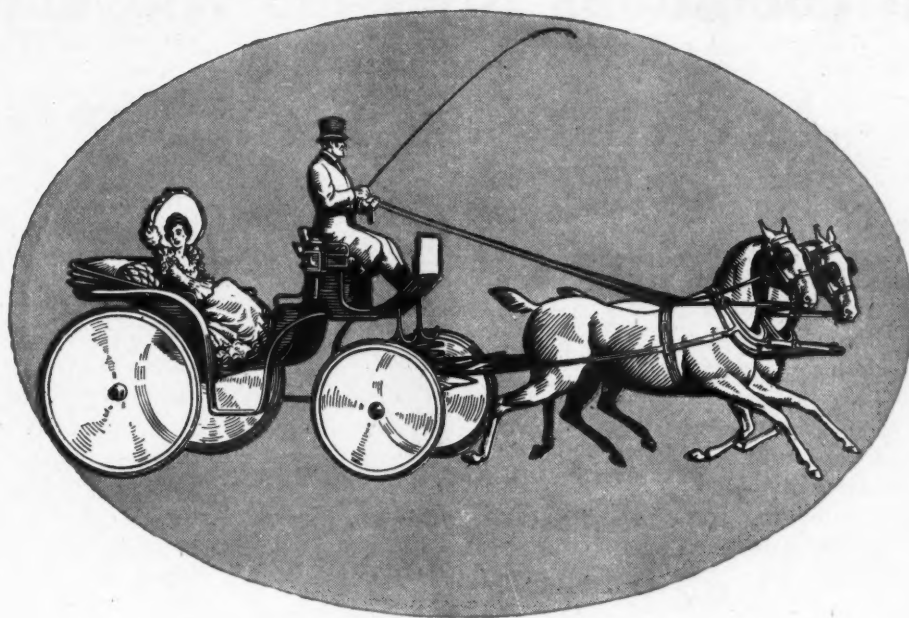
In summarizing then, our primary objective is to assist our dealers to preserve, in as far as it is possible, present values of assets for future use. Will this be possible bearing in mind that the amount of our gross national income determines the degree of employment throughout the country, and this in turn determines the purchasing power of the consumer to maintain the degree of gross national income. The gross national income determines the economic conditions of the country and this condition indicates whether or not our economy can support an excessive Federal Tax burden brought about by the enormous accumulated Federal debt.

It has been estimated that it will be necessary to maintain a gross national income of not less than 145 billion dollars to be able to support an estimated national tax burden of around 21 to 40 billion dollars. If such a gross income could possibly be attained and maintained it is *possible* that our economy could function. However, there have only been two years in the history of our country in producing consumer commodities, with the exception of the last 2 war-production years, that we have been able to maintain a gross national income of between 80 and 85 billion dollars. This is approximately 59% of the required national gross income necessary to operate on our present economic basis. I personally feel that it will hardly be possible for us to maintain such a national gross income after we have totally discontinued war-production. We will, indeed, be fortunate if we can reach our old high of 85 billion dollars and with a Federal Tax set-up of somewhere between 21 to 40 billion dollars it is quite obvious that the financial problems of all free enterprise will be extremely difficult.

#### New York Chapter Issues Bulletin

New York: The New York Chapter, National Institute of Credit, has closed its session with an attractive issue of a six page publication called "The Credit Line." This publication deals entirely with events and persons enrolled as members of the New York Chapter. Copies of the "Credit Line" also are sent to former members of chapters now in active service.





## Insurance programs, too, get out of date

*With* conditions in the business and financial world changing so rapidly, it is more important now than ever before to keep a constant check on your insurance to be sure that your program is up-to-date at all times. You can easily and efficiently maintain such a check through use of our Insurance Control Card, an exclusive feature of the Ætna Plan (insurance analysis) service. Through use of this Control Card, you are provided with a definite and systematic plan for periodic check-ups which *keep* your insurance program in order with a minimum of time and effort. *For* more complete information concerning the Ætna Plan and Control Card, consult the Ætna Agent in your community.

### ÆTNA CASUALTY AND SURETY COMPANY

AFFILIATED WITH: ÆTNA LIFE INSURANCE COMPANY

AUTOMOBILE INSURANCE COMPANY



STANDARD FIRE INSURANCE COMPANY

HARTFORD

CONNECTICUT

# Credit Conditions After the War and How to Prepare for Them Now



An analysis of credit conditions after the war requires a knowledge of general conditions that will exist which have a direct bearing on credit. No one knows what all of these conditions will be, but there are certain known factors, and we can guess at some of the unknown factors. So in limiting this to only those conditions that effect credit, let's analyze it this way. First, taking the known conditions that will exist:

The government debt today is around 188 billion dollars. We know that over 30 billion dollars of Series E Bonds are owned by individuals. We know individuals, firms and corporations own substantial amounts of other bonds.

The war is not yet over, and even if it should end tomorrow there are over 100 billion dollars in unsettled contracts, an Army to disburse and a fleet to demobilize so it is safe to assume that many more bonds will be purchased by individuals and firms.

The returning soldier will be paid a bonus.

Bank deposits today are around 110 billion dollars or several times those of 1940.

So credit wise you can easily see the largest reserves of potential purchasing power that this country or any country has even known. The majority will use these savings for purchases.

## A Rush of Buying Orders

THERE is a shortage in consumers' goods and in producers' goods outside direct war factories, and no matter how soon or how fast production, it will take years to fill the shortages. And so, credit wise it is safe to say as these goods are produced there will be a rush to buy, to build inventories, regardless of quality, until the first demands are

By R. J. STOWELL

Assistant Vice-President, Natl. Bank of  
Commerce, Seattle, Wash.

## A Banker Looks to Post-War Financing

Here are some suggestions

presented by a Seattle bank-

er relative to some of the

new conditions which will

face credit in the post-war

period.

filled. There will be dozens of new goods and devices from plastics and red electric rays to deep freeze units and helicopters. So you as credit men must know there will be thousands of new companies started, many goods will be experimental, but the demand for material will be there. There will be a shortage of convenience and other goods in foreign countries. So you as credit men probably will be asked to pass on foreign credits, if your firm wishes to enter that field.

## Many New Entrepreneurs

THOUSANDS of returning veterans with experience they have gained in some particular field, and with their bonds and savings as capital, will become individual entrepreneurs over night, and there will be a credit problem in which senti-

ment at least and maybe government pressure may be exerted.

With the closing of the majority of our war plants and the return of ten million soldiers to peace time occupations, in order to give employment to the estimated 57 million workers will mean the blossoming, by Government pressure, if necessary, of jobs and thereby projects and plants, regardless of what they produce. If it's only the raking of leaves, peace time goods and material will be required. So you credit men can expect the biggest business you have ever done. It is estimated by the Committee for Economics Development that production—that jobs—that income must exceed by at least 40% that of 1940.

Given the goods and tools to produce and free trade, competitive goods from lower standard living countries could easily flood our markets. And even our own production with new tools and new methods will create a very competitive situation after the shortages have been filled. And that brings the inevitable result that you credit men know. As the supply passes the demands, then failures and credit problems increase in proportion. So you can expect many failures in many lines of endeavor, starting with the production of impractical new gadgets and continuing as the reserves of purchasing power are unable to absorb the increasing production.

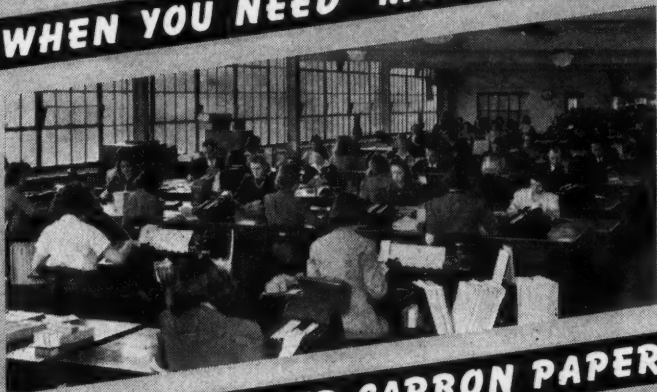
## Big Demand for Capital

WE recall the cost and the heartaches in converting from peace time production to war, and this was done to a great extent on Government money. We know it will be as big a job to go back and it will probably be done to a larger extent on private capital. This private capital must come from the concerns' reserves, so you as credit men will have



# CALL BURROUGHS

**WHEN YOU NEED "MECHANIZED ACCOUNTING" INFORMATION...**



You are welcome to the current information in the mechanized accounting methods library of your local Burroughs office. Or, when new legislation or other developments create new accounting problems for you, ask for special assistance from your Burroughs representative, who can apply his knowledge of machines, applications and procedures to help you meet your changing requirements.

**WHEN YOU NEED CARBON PAPER • ROLL PAPER • RIBBONS...**



Burroughs is your best source for supplies for all types and makes of business machines. These supplies are manufactured to specifications that Burroughs' years of experience have proved give best results. Burroughs Discount Purchase Plans save you 10% to 40%; permit you to order as little or as much as you need at any one time—thus assuring freshness and eliminating storage problems.

**WHEN YOU NEED MECHANICAL SERVICE FOR YOUR BURROUGHS...**



Today, when maintenance is especially important, Burroughs is providing efficient service to more customers than ever before. If you have not already done so, protect your Burroughs machines by arranging for periodic inspection, lubrication and adjustment at a moderate annual cost. All service is rendered by factory-trained, factory-controlled service men—is guaranteed by Burroughs.



*"for outstanding production of war materials"*

Burroughs is manufacturing and delivering the famous Norden bombsight—one of the most delicate and precise mechanisms ever devised. New figuring and accounting machines are also being produced by Burroughs for the Army, Navy, U. S. Government and others whose needs are approved by the War Production Board.

Information service... supply service... mechanical service—in war as in peace, you can depend on Burroughs to provide the best. For prompt, efficient service, call your local Burroughs office, or write Burroughs Adding Machine Company, Detroit, Mich.

## Burroughs

ADDING, CALCULATING, ACCOUNTING, BILLING AND STATISTICAL MACHINES  
NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES

to determine how much of your goods you want to allow your creditor to put in the reconversion. Certainly there are many answers and many conditions that will exist about which we can only guess or about which we know nothing at all.

We Don't Know what legislation may be enacted by a post-war people with different thoughts or by the influential vote of returning soldiers, or—

What limitations the Government may put on the granting of credit such as Regulation W or

What credit-granting agencies the Government may establish (there are now dozens of them) or what guarantees they may give on the extension of credit. As a matter of fact, there could be a condition where the only credit men needed would be employed by the Government, or

What taxes or re-negotiations there will be, but somehow or someway the budget must be balanced again someday, and that will mean interest alone on bonds of an amount equal to a peace time budget. And don't forget the Army of Occupation, the huge fleet, the large number of Government employees, the benefits to be paid the wounded soldier and his family, or

What settlement will be made of lend lease. Will we be paid by goods of a kind made by your customers? or

What will be done with Government-owned houses, plants, and huge surplus of materials, goods and machines, but what happens to these directly effect the value of the goods your customers have to sell, will effect the credit you carry on your ledger. Certainly the present tendency is not good, or

What will be done with the greatest Merchant Marine the world has ever known, or the greatest air fleet.

### Large Volume of Business

AND so you see the unknown are so many and have such a direct bearing on credit that it is hard to know all the credit conditions after the war. However, in a summary of credit conditions after the war we should be able to say with reasonable

safety: That you and your customers will enjoy a larger volume of peace time business than you have ever known. That the first easy market will later become a severely competitive market with the increased production; That you will deal with many more concerns, with the credit risk and failures increasing with a decrease in reserves and an increase in competition and new trial goods. And all this under legislation, taxes, and a peoples' attitude about which we know nothing. There will be huge surpluses to worry about and only a speculation of what will happen as regards free trade or lend lease.


### The After-the-War-Condition

What can the Credit Executive do to prepare for the after-the-War-Conditions.

Keep abreast of rapidly changing economic conditions so he will have his feet on the ground at the close of the war.

Follow the political trend to better anticipate at least some of the new regulations and make them work to his advantage.

## S.W.P.A. Issues Disposal Regulation On Surplus Material

 The framework of the organization to dispose of surplus Government war property is laid in Regulation No. 1 issued recently by William L. Clayton, Administrator of the Surplus War Properties Administration.

The regulation is effective at this time with respect only to surplus war property of the War and Navy Departments and the Maritime Commission. Surplus property of other agencies will be handled under Executive Order No. 9235 until such time as the regulation shall be made effective with respect to them.

Responsibility of the agencies will be with disposal, inventory and storage of surplus goods. Machinery is now being set up in the following Government agencies to handle the huge tasks:

Perfect a sales policy of credit that will keep down over-optimism, and make these new entrepreneurs realize that bills still have to be paid.

Formulate a program for the post-war objective of his customer that will get the customers' planning towards better and more profitable operations whether it be in one of the new fields or in his own field.

Start to build his department now for the bigger task that is sure to come.

Plan a better method of co-operation with other credit executives, both as regards credit policy, credit extension, legislation and liquidation.

Cultivate the old "Horse Sense" analysis that takes changing conditions into stride.

And so you see, we in the credit end of the business have ahead the thing we like—"A Real Challenge." To successfully meet it you will have to be better than you were, more co-operative than you were, a bigger man than you were, a fighter for free enterprise. A real credit executive.

Treasury Procurement will handle consumer goods.

RFC will dispose of capital and production goods.

Maritime Commission will dispose of its excess naval stores.

Navy Department will dispose of combat ships and auxiliary vessels.

War Food Administration will control surplus food.

NHA will dispose of surplus war houses.

FWA will dispose of equipment acquired under the Lanham Act.

Foreign Economic Administration will dispose of surplus property existing outside continental limits of the United States.

War Department will dispose of surplus Army equipment not included in the above.

Requests for the regulation may be addressed to the Superintendent of Documents, Government Printing Office, Washington 25, D. C., or to the Washington Service Bureau. It is in pamphlet form and costs ten cents.



BUSINESS FOUNDED 1842  
**SPRAGUE WARNER-KENNY CORPORATION**  
MANUFACTURERS • IMPORTERS • EXPORTERS • DISTRIBUTORS OF FOODS

C. D. KENNY DIVISION  
BALTIMORE, MD.

SPRAGUE WARNER DIVISION  
CHICAGO, ILL.

BALTIMORE, MARYLAND

June 2, 1944

Mr. A. E. Duncan  
Chairman of the Board  
Commercial Credit Company  
Baltimore - 2 - Maryland

Dear Mr. Duncan -

Through the profitable use of your financing service for nearly three years, we have attained a position which has enabled us to permanently finance our Company by an underwriting of preferred stock and serial ten year unsecured notes. We, therefore, tender our check for \$2,556,842.07 in settlement of our account with you.

Nearly three years ago you advanced \$1,450,000 towards my purchase of C. D. Kenny Company, Baltimore, whose sales in 1941 were \$17,000,000. About a year later you advanced some \$3,850,000 to assist the purchase by Kenny of Sprague Warner and Company, Chicago, whose annual sales were about \$12,000,000. Sales of both Divisions have since substantially increased.

We have just bought Western Grocer Company and Marshall Canning Company of Marshalltown, Iowa, which makes our Company one of the largest wholesale, canning and processing grocery concerns in the United States, with combined annual sales in excess of \$50,000,000.

During our experience with you, of nearly three years, you have financed our Accounts Receivable totaling more than \$82,000,000. We have always made a substantial profit and I am pleased to say that at no time have you injected yourselves into management or financial control of our business. The use of your financing service and the splendid cooperation and helpful assistance we have received from you and your Associates have been important contributing factors to our success. We shall always feel very grateful to you.

Our experience with you is concrete evidence that large concerns can very profitably use your financing service and maintain high credit standing. We wish you continued success.

Most sincerely yours,

SPRAGUE WARNER-KENNY CORPORATION

*Nathan Cummings*  
President.

The above letter tells the story in the words of a gratified user of Commercial Credit service. Our booklet, "Capital Sources," tells how Commercial Credit makes thousands or millions quickly available for any sound business use. Write or telephone our nearest office for a copy.

**Commercial Credit Company**  
**Baltimore 2, Maryland**

Commercial Financing Divisions: New York Chicago San Francisco Los Angeles Portland, Ore.

Capital and Surplus More Than \$65,000,000

INSTALLMENT FINANCING OFFICES LOCATED IN PRINCIPAL CITIES OF THE UNITED STATES AND CANADA

Credit and Financial Management . . . . . 23 . . . . . July, 1944

# Postwar Problems of Industrial Customers

(Continued from page 14)

pared to start shipping immediately while others will be held up in terminations and reconversion. Yes, getting the inventories built up which they must have will continue to be a big headache for most industrial producers.

## What About Prices?

LET'S take a look at the problem of prices. What is it going to mean to our industrial customers? We have had a lot of inflation. People are used to paying more than they did before the war, but we've also gone without a lot of things which will be produced after the war and which, under present conditions, can't possibly be produced anywhere near pre-war costs. As an example I will come back to my favorite topic of the automobile. The leaders in that field state that the first post-war cars will cost anywhere from 25 to 50% more than the same identical pre-war model. This means that your small popular car that sold around \$800 may be as high as \$1200.

It is labor costs, of course, that account for most of this, but nevertheless the costs are real and although industry knows that a certain amount can be sold regardless of price, they also are well aware that the traffic will only bear so much and that the old time volume production will depend on prices being brought down. Wherever there has been heavy war production the same inflated wage scales will be bound to prevail and will have a big effect on the price of the post-war product being manufactured.

We have produced in this country large volumes in the past because we could give more for less money. It will be a real problem to try to get back to this again. Some concern might be felt that prices may go even higher, but if we consider again the problem of reconversion, the uncertainties involved, the unavoidable delays, and adjustments, plus the decline in national income and in total government spending they should offset any higher prices and prevent any general price rise.

## Who Will Have Cash?

PRICES and markets go quite hand in hand and I inferred just a moment ago that the markets might not be so great if industry found it necessary to raise prices as much as they now feel will have to be done, but there are other angles in the market picture also. The war has brought on quite a shift in income. High taxation has admittedly decreased greatly the take-home-pay of those in the upper brackets. Those in the lower brackets with their overtime pay and long hours have greatly increased their income.

Some industries may, therefore, have to shift their markets because the upper brackets will probably not be spending quite so freely. There is still another angle. The war has not only brought about a shift in the type of market, but there will undoubtedly be difference in the locality of many markets. This will necessitate new studies and a lot of forecasting to try to determine where our population will come to rest when this emergency is over.

This leads us into the dealer question as it involves our industrial customers. It probably will mean some new dealer locations. The most important problem, however, that has to do with dealers is their distribution costs. In most cases they are way too high and manufacturers are going to have to take a hand trying to work out more efficient means of distribution. I do not mean that dealers will have to be dispensed with, far from that. They are a very vital and necessary part of our economy, but in many things there should not be the terrific spread between the cost of the manufactured article as it comes out of production and the price that the ultimate user must pay.

## Will We Make a Profit

AND now we finally end up with the question of profits. Last, but far from least . . . will all these problems prohibit industry from making reasonable profits? That would be an impossibility for we can't have progressive industry unless profits are made—profits that will repay capital for its use and risks taken and still have enough left over to put some back to keep industry forging ahead. The profit picture isn't going to be any easier after the war than it was just previous. In

fact, the war demands of taxes and wages will continue and there will still be a certain amount of price ceilings. Some of this will be compensated for by the increased efficiency in manufacturing technique that has developed out of the war.

It is claimed that in 1943, the net profit of all manufacturing corporations reached war peaks and it is now estimated that 1944 profits, after taxes, will fall about 10% below 1943 nets. For the immediate post-war period, the period of reconversion and transition—and we can figure that this might take as long as 18 months—those industries engaged primarily in war production will probably experience a drastic decline in income. After things are leveled out, the guess is that profits will be about 50% below 1943, or about the same as 1939. This takes into consideration existing income and excise profits, taxes. With some of these war taxes repealed, the chances are profits might get back up to equal the 1940 net. In general during the war, profits of industrial corporations have been good, and with reasonably well managed reconversion, the retained earnings shouldn't be too greatly depleted and we can probably safely say that post-war earnings appear to be promising for several years.

## A Resume of Problems

MY subject is *Post War Problems of Our Industrial Customers*. I've listed what I thought were most important but since nothing was said about solving them, I'll leave well enough alone, and in conclusion let's tie up the loose points with a brief reiteration.

*Termination of War Contracts* . . . Industry's No. 1 problem, but which is daily reaching a more favorable solution. *Reconversion* . . . not just one problem, but a multitude of them all rolled up together which each industry faces differently, and with varying degrees of difficulty; one, however, that will play a big part in both the time and type of product you and I will be able to purchase after the war. *Unemployment* . . . bound to be some but maybe it will be cushioned. *Inventories* . . . they must get rid of unwanted stocks and be able to purchase necessary items for full production. *Prices* . . . the proper balance of prices



to mass production must be regained. *Markets* . . . changes in demand can be expected both from purchasing power and location of population. *Dealers* . . . lower costs in distribution must be worked out. *Profits* we should still have them.

And so, although there are lots of these problems that look quite hopeless, and we might be wondering if they will ever be solved, I think that taking all in all, the picture really isn't too bad. There are definite signs of good ground work being laid . . . lines of action are being thought out, and the future is definitely being outlined. Post-war problems will be met in their stride and our customers should go forging ahead.

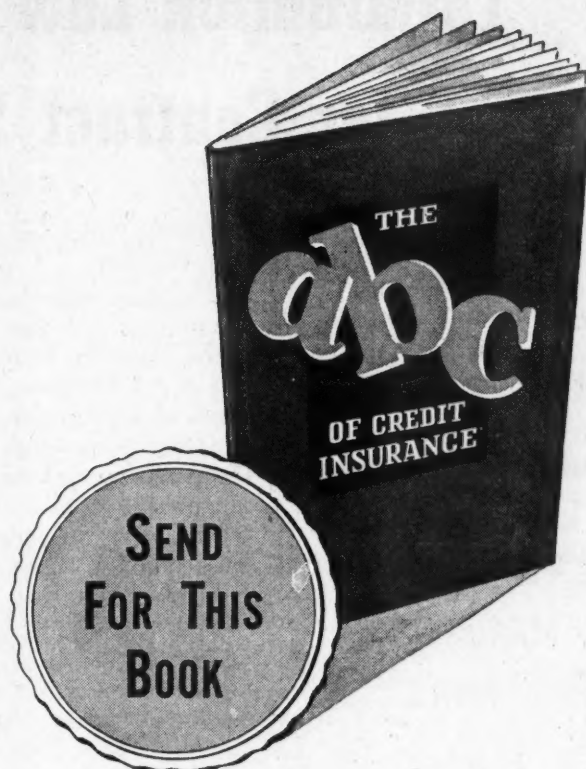
## Outlook for Credit in Postwar Era

(Continued from page 11)

prices and costs obviously means that the working capital requirements for payrolls, raw materials, supplies, etc., would be more or less proportionally increased.

The level of wholesale prices up to the present time has risen approximately 34 per cent as compared with 1939, and retail prices have risen roughly 25 per cent. The prices of agricultural raw materials have risen about 93 per cent, and wage rates about 50 per cent. Taking account of both wholesale and retail price advances, the probable continuance of government support to farm prices, and the power of labor to look out for its own interests, we may safely conclude that the level of costs is likely to be about one-third higher than it was just prior to the war. This would mean a roughly proportionate increase in *dollar* working capital requirements.

In 1939-40 we employed roughly 46 million people in this country. We hope, and plan, after the war to give employment to at least 54 million persons. This would involve another 17 per cent increase in working capital requirements—making the total required expansion capital roughly 50 per cent. With all due allowance for possible increase in operating efficiency, it would seem that at the minimum a 40 per cent increase in working capital, as compared with prewar days, will be necessary.



*... to help head off Credit Losses  
in the uncertain days ahead*

**I**F ever there was a time when manufacturers and wholesalers needed an understanding of "The A-B-C of Credit Insurance" . . . *it is NOW!* Looking ahead, it seems certain that war industry's shutdowns, layoffs, and payoffs will jolt many a business . . . may upset some of your customers . . . shut off their ability to pay.

What companies will be hit? How hard? How soon? Nobody knows the answers to these questions. That's why American Credit Insurance can lift a load of worry . . . and risk . . . from your business through the many uncertainties that lie ahead.

American Credit Insurance **GUARANTEES PAYMENT** for goods shipped . . . pays you when your customers can't . . . keeps you from worrying and waiting indefinitely for settlement . . . puts a definite cash value on your accounts receivable.

Let us give you more information. Write today for a copy of "The A-B-C of Credit Insurance," American Credit Indemnity Co. of N.Y., Dept. 47, First National Bank Building, Baltimore 2, Md.

*J. F. Fadden*  
President



**American  
Credit Insurance**  
*Pays You When  
Your Customers Can't*

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

# Termination Law Sets Procedure for Contract Settlements

**FN** At long last American industry has a definite law to govern settlement of terminated war contracts. The Bill, as passed in the Senate, was practically the measure agreed upon by the Senate and

House conferees and finally voted by both chambers.

The main features of the new law are in general accord with the declaration made last October by the special N.A.C.M. Committee on Settlement of Terminated War Contracts. This new law, which is the first of the measures proposed by the Baruch-Hancock Post-War Planning Committee, gives to industry a definite and equitable basis on which their terminated war contracts may be settled.

The law provides for a settlement agreement between the contractor and the contracting agent, and, where such agreement is reached settlement is final and subject only to review during the first 30 days by the Office of Contract Settlements. The only authority given the Controller General is that in case of suspected fraud the Controller General shall present his findings to the Attorney General's Office, and the Attorney General's Office then shall determine whether or not fraud has been committed. In case fraud is proven, there is a very severe penalty mounting to 25 per cent of the amount fraudulently claimed. This point about the amount of supervision on contract settlements permitted the Controller General's Office was the main bone of contention in the measure as discussed in the House. Congressman May attempted to amend the bill as reported by the House Committee so as to give the Controller General broad supervision over settlements. However, this proposal was defeated by a vote of 326 to 21, the same vote on which the measure was finally passed in the House.

The main point on which the conferees had to agree when reporting the measure for final vote was the detailing of standards of costs. The Senate measure left these details to the discretion of the Office of Contract Settlements. As presented to the House and Senate, however,

seven definite types of cost elements were adopted as follows:

"1. The direct and indirect manufacturing, selling, and distribution, administrative and other costs and expenses incurred by the war contractor which are reasonably necessary for the performance of the war contract and properly allocable to the terminated portion thereof under recognized commercial accounting practices; and

"2. Reasonable costs and expenses of settling termination claims of subcontractors related to the terminated portion of the war contract; and

"3. Reasonable accounting, legal, clerical, and other costs and expenses incident to termination and settlement of the terminated war contract; and

"4. Reasonable costs and expenses of removing, preserving, storing and disposing of termination inventories; and

"5. Such allowance for profit on the preparations made and work done for the terminated portion of the war contract as is reasonable under the circumstances; and

"6. Interest on the termination claim in accordance with subsection (F) of this section; and

"7. The contract price and all amounts otherwise paid or payable under the contract."

The Bill also designates that the following cost items cannot be included in figuring a claim for the settlement of a war production contract:

"1. Losses on other contracts, or from sales or exchanges of capital assets, fees and other expenses in connection with reorganization or recapitalization, anti-trust or Federal income tax litigation, or prosecution of Federal income tax claims or other claims against the Government (except as provided in paragraph (II) above); losses on investments; provisions for contingencies, and premiums on life insurance where the contractor is the beneficiary.

## FIRE PREVENTION MEANS "FIRE AWAY"



**The Phoenix**  
Insurance Company, Hartford, Conn.  
1854

*The Connecticut*  
Fire Insurance Co., Hartford, Conn.  
1850

**EQUITABLE**  
Fire & Marine Insurance Company  
Providence, R.I.  
1859

ATLANTIC FIRE INSURANCE CO.  
Raleigh, North Carolina

THE CENTRAL STATES FIRE INS. CO.  
Wichita, Kansas

GREAT EASTERN FIRE INSURANCE CO.  
White Plains, N. Y.

MINNEAPOLIS F. & M. INSURANCE CO.  
Minneapolis, Minn.

RELiance INS. CO. OF CANADA  
Montreal, Canada



HARTFORD  
30 Trinity Street  
CHICAGO  
Insurance Exchange  
NEW YORK  
110 William Street  
SAN FRANCISCO  
220 Montgomery Street  
MONTREAL  
485 McGill Street



TIME TRIED & FIRE TESTED



"2. The expense of conversion of the contractor's facilities to uses other than the performance of the contract.

"3. Expenses due to the negligence or willful failure of the contractor to discontinue with reasonable promptness the incurring of expenses after the effective date of the termination notice.

"4. Costs incurred in respect to facilities, materials, or services purchased or work done in excess of the reasonable quantitative requirements of the entire contract."

In discussing why these changes were made in the final Bill, Senator Murray, who with Senator George has been one of the prime movers on war contract settlement termination legislation, said that, "The contracting agencies felt its adoption would have the direct tendency to slow down settlements. This would be the result because with the standards laid down in the Law officials would tend to follow them strictly and without deviation. As time goes on, it may be many of them would have to be eliminated."

In considering the Bill as sent to the White House, it is interesting to note that all of the suggestions made by the N.A.C.M. National Committee on Terminated Settlements were covered, as follows:

1. Contracting agents be authorized to negotiate settlements and that the agents be relieved of personal liability in making such settlements.

2. Issuance by the proper authority of definite regulations for filing claims on terminated contracts.

3. Definite determination as to what items shall be included in claims by war contractors.

4. Provision for appeal from the decision of the contracting agencies and the Office of Contract Settlements, first to a Board of Appeals and, second, to the United States Courts.

5. The declaration by the N.A.C.M. Committee opposed settlement of subcontractors' claims by the Government on the theory that this would change the terms of such contracts. The Bill, as finally agreed upon by the conferees, provides that contract-

ing agencies shall have authority to supervise the settlement of subcontractors' claims by contractors and provides definite directions for handling such claims where it is found that the contractor is not making prompt settlement with subcontractors and material suppliers. This is a provision that will no doubt hasten the settlement of subcontractors and material bills as it gives the contracting agent the authority to check back and determine whether or not the contractor has paid his subcontractors before settlement will be made on the main contract.

The "career boys" in Washington

won a partial point in a final re-writing of the Termination Bill. Certain members of the House Committee had inserted an amendment prohibiting any former employee of the government to act in any capacity in arranging for the settlement of terminated contracts. However, the bill, as finally agreed upon, only prohibits former government employees from taking part in the settlement of those contracts with which they had a definite connection when serving as a government employee, so they can now serve as "experts" in negotiating settling of war contracts other than those with which they took part.

**CUTS TIME NEEDED  
FOR STATISTICAL AND  
FINANCIAL REPORTS**

**McBee**  
**KEYSORT**  
*for any analysis*

*it's in the Cards!*

The McBee Company . . . 295 Madison Avenue, New York  
OFFICES IN PRINCIPAL CITIES

# Approved Adjustment Bureaus

*National Association of Credit Men*

As of June 1, 1944

**EN** The following is the list of Adjustment and Collection Bureaus as approved by the National Adjustment Bureau Committee in a meeting held at Omaha on May 15, 1944.

For the benefit of members who may not be fully acquainted with Adjustment and Collection procedure so far as the Association is concerned the following statement is made:

The Adjustment and Collection Bureaus of local organizations are under the direct control and supervision of the local Officers and Board of Directors of the local Association or Bureau. The basic responsibility for maintenance of proper standards in the conduct of Bureaus rests with the local Boards. However, the National Association has a National Adjustment and Collection Bureau Committee made up of three members of the National Board of Directors and three Secretary Managers. This Committee passes upon the

qualifications of local Bureaus as to whether or not such Bureaus should be on the approved list. Various factors are considered in connection with such approval. Among these factors are the requirement that the local Bureau must carry fidelity bonds on employees handling funds and that reports and statements concerning the finances of the local Bureaus must be on file in the National Office.

Your National Adjustment Bureau Committee suggests that every member of the Association who may not be fully acquainted with the operations of his local Bureau and the services rendered should become acquainted with such operations and services. Your Committee is interested in the maintenance and development of a strong adjustment and collection service throughout the country and invites the cooperation of each member to that end.

The services offered by each of the Bureaus listed below are indicated by symbols which appear after each listing as follows: A—Assignments; B—Bankruptcy Claims Representation; C—Collections; P—Personal Contact Service; R—Receiverships; T—Trusteeships. CALIFORNIA—Los Angeles—Adjustment Bureau of the Los Angeles Credit Managers' Association, 111 W. 7th St., Los Angeles 14, A. D. Johnson, Secy.-Mgr. (ABCPRT)

Oakland—Adjustment Bureau of the Wholesalers Credit Association of Oakland, Cal., 218 Central Bank Bldg., Oakland 12, Kenneth C. Bugbee, Secy.-Mgr. (ABCPRT)

San Diego—Adjustment Bureau of the San Diego Wholesale Credit Men's Association, 524 B St., Suite 508, San Diego 1, Lawrence Holzman, Secy.-Mgr. (ABCPRT)

San Francisco—Collections: The Credit Managers Assn. of Northern & Central California, 333 Montgomery St., San Francisco 4, O. H. Walker, Secy.-Mgr. (CP)

Adjustments and Liquidations: Board of Trade of San Francisco, 444 Market St., the authorized Adjustment Bureau designated by the Credit Managers' Ass'n. of Northern & Central California, and recommended and endorsed by the National Association of Credit Men; Geo. W. Brainard, Secretary, (ABRT)

COLORADO—Denver—Adjustment Bureau of the Rocky Mountain A.C.M. 810 14th St., Denver 2, J. B. McKelvy, Secy.-Mgr. (ABCPRT)

DIST. OF COL.—Washington—Adjustment Bureau of the Washington Association of Credit Men, 815

15th St., N. W., Washington 5, George A. Wilkinson, Secy.-Mgr. (ABCPRT)

FLORIDA—Tampa—Adjustment Bureau of the Tampa A.C.M., 311-15 Stovall Professional Bldg., Tampa 1, Duval M. Smith, Secy.-Mgr. (ABCPRT)

GEORGIA—Atlanta—Adjustment Bureau of the Georgia A.C.M., 508-1 Norris Bldg., Atlanta 3, R. S. Stradley, Secy.-Mgr. (ABCPRT)

ILLINOIS—Chicago—Chicago Association of Credit Men's Service Corp., 2100 Merchandise Mart, Chicago 54, James S. Cox, Actg. Secy., C. L. Bonson, Mgr. Adj. Bur. (ABCPRT)

INDIANA—Indianapolis—Indianapolis Association of Credit Men's Service, Inc., 134 E. Market St., Indianapolis 9, Merritt Fields, Executive Manager (ABCPRT)

South Bend—Northern Indiana Adjustment Bureau, 415 Pythian Bldg., South Bend 2, Kenneth A. Ball, Mgr. (ABCPRT)

IOWA—Des Moines—Adjustment Bureau of the Des Moines Credit Men's Association, 1015 Valley Bank Bldg., Des Moines 7, Don E. Neiman, Secy.-Mgr. (ABCPRT)

Sioux City—Adjustment Bureau of the Interstate A.C.M., P. O. Box 1260, Sioux City 7, Virgil Combs, Executive Mgr. (ABCPRT)

KANSAS—Wichita—Adjustment Bureau of the Wichita A.C.M., 502-6 Bitting Bldg., Wichita 2, M. E. Garrison, Secy.-Mgr. (ABCPRT)

KENTUCKY—Louisville—Louisville Credit Men's Adjustment Bureau, 320 W. Main St., Louisville 2, J. K. Scoggan, Treas., Mgr. (ABCPRT)



Lexington — (Branch of Louisville) — Lexington Credit Men's Ass'n., 401 Bank of Commerce Bldg., Lexington 31, Geo. C. Roberts, Sr., Mgr. (ABCPRT)

LOUISIANA—New Orleans—Adjustment Bureau of the New Orleans Credit Men's Association, 1007 Queen & Crescent Bldg., New Orleans 12, Fred L. Lozes, Secy.-Mgr. (ABCPRT)

MARYLAND—Baltimore—Adjustment Bureau of the Baltimore A.C.M., 403-4 Abell Bldg., Baltimore 2, George J. Lochner, Secy.-Mgr. (ABCPRT)

MASSACHUSETTS—Boston—Adjustment Bureau of the Boston Credit Men's Association, 38 Chauncy St., Boston 11, Joseph M. Paul, Secy.-Mgr. (ABCPRT)

MICHIGAN—Detroit—Adjustment Bureau of the Detroit A.C.M., 302 Francis Palms Bldg., 2111 Woodward Ave., Detroit 1, L. E. Phelan, Secy.; L. E. O'Dell, Mgr. (ABRT)

Grand Rapids—Adjustment Bureau of the Grand Rapids A.C.M., 602-8 Association of Commerce Bldg., Grand Rapids 2, Edw. DeGroot, Exec. Secy.-Mgr. (ABCPRT)

MINNESOTA—Minneapolis—Associated Creditors, Inc., 502 Thorpe Bldg., Minneapolis 2, Brace Bennett, Exec. Secy.-Treas.; C. W. Reid, Collection Mgr. (ABCPRT)

MISSOURI—St. Louis—Adjustment Bureau of the St. Louis A.C.M., 1204 Paul Brown Bldg., St. Louis

1. A. E. Fisher, Secy.-Treas. & Mgr. (ABCPRT)  
MONTANA—Billings—Adjustment Bureau of the Montana-Wyoming A.C.M., 439-41 Stapleton Bldg., M. J. Davies, Secy.-Mgr. (ABCPRT)

NEBRASKA—Omaha—Adjustment Bureau of the Omaha A.C.M., 2nd Fl. Sunderland Bldg., 15th & Harney Sts., Omaha 2, Gus P. Horn, Exec. Mgr. (ABCPRT)

NEW YORK—New York—New York Credit Men's Adjustment Bureau, Inc., 354 Fourth Ave., New York 10, Raymond Hough, Secy.; M. J. Davis, Asst. Secy. & Mgr. (ABRT)

Rochester—Collection Bureau of the Rochester Credit Men's Service Corp., Suite 408, 34 State St., Rochester 4, Chas. J. Briggs, Mgr. (BCP)

Syracuse—Syracuse Credit Men's Service Corp., 224 Harrison Street, Room 802, Syracuse 2, Newton D. Bartle, Secy.-Mgr.

OHIO—Cincinnati—Service Bureau of the Cincinnati A.C.M., 722-25 Temple Bar Bldg., Cincinnati 2, H. W. Voss, Secy.-Mgr. (ABCPRT)

Cleveland—Adjustment Bureau of the Cleveland A.C.M., 410 Leader Bldg., Cleveland 14, Kenneth S. Thomson, Secy.-Mgr. (ABCPRT)

Dayton—Collection Dept. of the Dayton A.C.M., 303-11 W. Monument Bldg., Dayton 2, Mrs. B. M. Harnish, Actg. Secy.-Mgr. (CP)

OKLAHOMA—Oklahoma City—Adjustment Bureau  
(Continued on page 36)

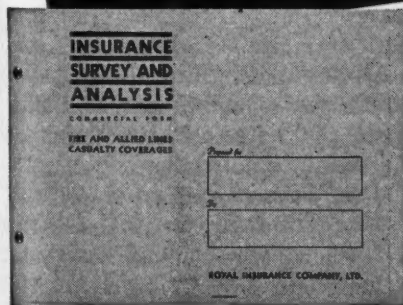


## “A CREDIT REPORT” on Your Insurance Set-up

**COST-FREE** and obligation-free you may obtain from any agent of the Royal-Liverpool Groups an Insurance Survey and Analysis which will—

- (1) show the insurable hazards peculiar to your business, the extent to which they are now covered, and a breakdown of your insurance costs;
- (2) point out any weakness in your insurance protection;
- (3) submit recommendations which may reduce the cost of your insurance program or provide for it more efficiently.

*Why not let a local representative of the Royal-Liverpool Groups demonstrate his ability to serve you by means of such a Survey and Analysis?*



# ROYAL-LIVERPOOL GROUPS

ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N.Y.

AMERICAN & FOREIGN INSURANCE COMPANY • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA • THE LIVERPOOL & LONDON & GLOBE INSURANCE CO. LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • QUEEN INSURANCE COMPANY OF AMERICA • THE NEWARK FIRE INSURANCE COMPANY • FEDERAL UNION INSURANCE COMPANY • ROYAL INSURANCE COMPANY, LTD. • THE SEABOARD INSURANCE COMPANY • STAR INSURANCE COMPANY OF AMERICA

◆ NATIONAL ASS'N. OF CREDIT MEN  
ONE PARK AVE.

ORGANIZATION CHART 1944 ◆  
NEW YORK 16 N.Y.



The above diagram shows the organization of the various functions of the National Association of Credit Men. This diagram, which was originally designed for the members of the National Board of Directors, has been found to be of special interest to a large number of members, so it is presented herewith in order that all may see how the work of the National Association is coordinated.

As indicated on the diagram the supreme authority in all national work is the National Board of Directors. Between Board sessions, authority is delegated to the Administrative Committee of the National Board of Directors.

The National Board of Directors is now composed of the President, three Vice-Presidents and 24 National Directors, eight being elected each year. Robert L. Simpson, of the C. T. Patterson Company, New Orleans, is President, elected at the Omaha War Credit Congress. The three Vice-Presidents are Joseph Rubanow, Manufacturers Trust Company, New York, N. Y., Vice-Presi-

dent, Eastern Division; C. B. Rairdon, Owens-Illinois Glass Co., Toledo, Ohio, Vice-President, Central Division; and Paul A. Pflueger, Max I. Koshland & Company, San Francisco, Calif., Vice-President, Western Division. The Board of Directors arranged by districts are:

District No. 1, Harry C. Jackson, New Britain, Conn., and Camilo Rodriguez, Providence, R. I.

District No. 2, Harry Delaney, New York, N. Y.; F. Clifford Heath, Syracuse, N. Y.; William C. Hussey, Rochester, N. Y.

District No. 3, Fred S. Bennett, Pittsburgh, Pa.; Charles E. Fernald, Philadelphia, Pa.; J. Henry Wendt, Richmond, Va.

District No. 4, K. C. Sommer, Youngstown, Ohio; Corbin Woodward, Chattanooga, Tenn.; Stuart C. Campbell, Louisville, Ky.

District No. 5, Russell C. Flom, Menasha, Wis.; G. C. Klippel, Indianapolis, Ind.; Harry J. Offer, Detroit, Mich.

District No. 6, C. C. Heitmann, Fort Worth, Texas; E. N. Ronnau, Kansas City, Mo.; Miss Annie Por-

ter, Santa Fe, N. M.

District No. 7, F. C. Aldridge, Birmingham, Ala.

District No. 8, C. C. Rickhoff, Waterloo, Iowa; John E. Hoff, Duluth, Minn.

District No. 9, H. C. Morey, Denver, Col.

District No. 10, Francis H. Eichler, San Francisco, Calif.; Fred J. Carpenter, Torrance, Calif.; Frank A. Dudley, Portland, Ore.

As indicated in the diagram, the President is the directing head of NACM activities. First, let us take up the arrangement of the National Officers and Directors and Committees. It will be noted that under each Vice-President there is shown a block indicating the National Directors for his corresponding division, and then under this official set-up comes the National Committees which are the first control over the activities to which they are assigned. Perhaps it would be interesting to members to know the names of the National office personnel assigned to the work of these committees.

The work of the staff is directed



by the Executive Manager. The Assistant Executive Manager and Secretary is D. A. Weir, and the Assistant Treasurer and Controller is Miss Ruth E. Hctor.

E. B. Moran, Manager, Central Division, Chicago, is in charge of all membership activities and serves as Secretary of the National Membership Committee.

R. A. Colliton is the staff man in charge of Central Credit Interchange Bureau in St. Louis. Mr. Colliton, who has been on sick leave, returned to his post on June 1. R. V. McCallum and S. J. Harder are Mr. Colliton's assistants and have, in addition, been in charge of industry meetings at recent Credit Congresses.

The National Credit Education Committee is advised by D. A. Weir, Secretary and Assistant Executive Manager.

The Adjustment Bureau Executive Committee has been especially active during the past few months in revising its set of rules and arranging a new program of activity in the post-war period. Mr. Weir also serves as the staff man in direct supervision of the Adjustment Bureau activities with the assistance of Al Kruhm, Auditor for the National Association.

The National Legislative Committee has been active during the past two years because of the need for expressing the opinions of the Association members on such important subjects as Taxation, Renegotiation, War Contract Termination, Par Clearance of Checks, and Revision of State Laws which Affect Credit Operations. This work is under the direction of Kenneth A. Patterson who serves as secretary of the National Legislation Committee.

The National Credit Women's Executive Committee is appointed by the National President. There are now 38 women's clubs enrolled in N.A.C.M. activities. This National Credit Women's Executive Committee represents the women's clubs in Association affairs and has been very active in promoting new memberships. Miss Marie Ferguson is the staff representative serving as Secretary of this committee.

The Fraud Prevention Committee is one of the oldest and most active committee groups in the Association roster. The activities of this department are taken care of by special subscriptions by those inter-

ested in the prosecution of fraud in their particular industry. Charles J. Scully is the staff representative in charge of the work of this department with Harold H. Bailey directing the fraud prevention activities from the Chicago Division office.

The Foreign Credit Executive Committee and the Foreign Credit Administrative Committee have somewhat related duties, all having to do with the Foreign Credit Interchange Bureau operating from the New York Office. This bureau is in charge of Philip J. Gray who serves as secretary for both committees.

The National Publications Com-

mittee is the supervising group for all Association publications such as Credit Manual of Commercial Laws, Credit Office Forms and Financial Statement Blanks, "Credit and Financial Management," Monthly Business Review, etc. R. G. Tobin is the staff member assigned to this committee.

The National Insurance Committee this year is composed entirely of credit executives and is scheduled to serve in an advisory legislative capacity as many important items are now on schedule in relation to insurance legislation. R. G. Tobin

(Continued on page 36)



**VICTORY**

**DEPENDS ON EVERYONE, EVERY DAY!**

*Stay on your job!  
Don't lose time!*

"Lost ground can be regained—lost time, never." So said our President.

It's not easy to be on your job every minute—but do your best. Job absences, whether justified or not, lose the nation millions of man-hours each year.

Uncle Sam needs your time. Give it to him—in full measure!

*Published in the interest of the government's program on job absences.*

CONTRIBUTED BY



**National Union**  
and Birmingham  
FIRE INSURANCE COMPANIES  
PITTSBURGH · PENNSYLVANIA



# He can't get credit in his local market—

So, he begins to spread his purchases . . . Or, perhaps he is paying his *local* creditors and letting the others slide . . .

*Here's  
how  
to learn  
the facts!*

**CREDIT INTERCHANGE BUREAU  
NATIONAL ASSOCIATION OF CREDIT MEN**  
Executive Office: One Park Avenue, NEW YORK, N. Y.  
Central Bureau: 214 N. Sixth Street, ST. LOUIS, MO.

The accuracy of this Report is not guaranteed. Its contents are gathered in good faith from members, and sent to you by this Bureau without liability for negligence in procuring, collecting, communicating or failing to communicate the information so gathered.

JUNE 15, 1944

REPORT ON: **ANYTOWN, U.S.A.**

**YOUR CUSTOMER**

BUSINESS CLASSIFICATION	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST RECENT CREDIT	AMOUNT OWING		UNPAID ON FIRST ORDER	TERMS OF SALE	MANNER OF PAYMENT			COMMENTS
				INCLUDING NOTES	PART DUE			DISCOUNTS	PAY WHEN DUE	DAYS SLOW	
PITTSBURGH 602-277	yrs	6-44	7250	3506	1750		1-10-30	x	x	10	
Oil	10-41	6-44	14000	9500			1-10-30				
Oil	yrs	6-44	4375	1320			2-10-30	x			
Auto Acc											
BUFFALO 603-898	yrs	5-44	5088	2915	2400		2-10-60		x		30
Hdw	5-42	6-44	260	154			30				
Elec											45
CINCINNATI 603-462	12-40	5-44	6700	6300	6300		1-10-30				30-60
Oil	2-44	6-44	800	660	375		2-10-30				
Auto Acc											

Credit Interchange Automatic Revision will keep you abreast of the situation, with constantly new and up-to-date ledger information.

When you list your present customers, or your new accounts, for Automatic Revision, you receive every four (or six) months thereafter a new clearance showing the record each customer has made in caring for his obligations. This keeps your information current—ready for immediate reference.

More—it gives you the warning signal of impending difficulty, so that you may put on the brakes; or it shows improved position, so that you may increase the line of credit if desired.

Credit Interchange tells you *where* the customer buys—*what* he buys—*what* he owes now—and *how* he pays. Each report contains the ledger experience of a group of creditors—tabulated for intelligent interpretation.

Learn more about this fast, dependable service. For full information—no obligation—contact the Credit Interchange Bureau serving your area, or write

"For Service  
Only"



Bureaus in more  
than 50 principal  
cities. Central  
Bureau, St. Louis.

**Credit Interchange Bureaus  
NATIONAL ASSOCIATION of CREDIT MEN  
1154 Paul Brown Building ST. LOUIS 1, MO.**



# NEWS ABOUT CREDIT MATTERS

A section devoted to  
Credit Association affairs

July, 1944

Copy deadline  
10th of Month

## Foreign Trade Bankers Authorize Terms Survey By F.C.I. Bureau

The Bankers Association for Foreign Trade has authorized an immediate survey of foreign credit terms by commodities and markets, to be conducted in conjunction with the Foreign Credit Interchange Bureau of the National Association of Credit Men. This survey will furnish foreign traders with a much-needed "credit yardstick" for all world markets, and will serve as a valuable guide to the post-war credit and financial requirements of United States exporters.

Of particular significance in the Resolution passed by the Bankers Association for Foreign Trade at their 22nd Annual Meeting in Quebec on June 8-10th were the following passages:

"THAT the United States co-operate with other Nations in an organization to provide an enduring peace without unduly sacrificing national sovereignty."

"THAT while Governments have during the war necessarily taken a large control over International Trade, such control should be removed or modified as soon as possible."

"As shipping revenue is highly important to several foreign Nations, it is essential that fair and proper balance between our Merchant Marine and those of other Nations be maintained." "We recommend that Congress adequately amend the Webb-Pomerene Act so that our companies may legally coordinate their production and distribution relating to business abroad with those of other domestic and foreign companies."

"Governments should announce and adhere to the policy of retiring from the field of foreign lending as rapidly as post-war, political, economic and reconstruction conditions will permit."

## Chicago Exporters Talk Over Trade Fields

Chicago: "Postwar Foreign Trade" was discussed at the regular monthly luncheon of the Foreign Trade Group of The Chicago Association of Credit Men at the Union League Club, Thursday, June 15. The speakers, representing the Export Managers Club of Chicago, were S. A. Zweibel, President of the Export Managers Club of Chicago and Export Manager of the Pabst Sales Company, and Harry Olson of the American Foreign Credit Underwriters.



**JOHN L. REDMOND**  
National President 1941-42  
Died May 24, 1944

## National Construction Machinery Credit Men Hold 2-Day Session

Chicago: V. P. Gatti, Vice Consul of Brazil in Chicago, spoke at the luncheon meeting of the annual spring conference of the National Construction Machinery Credit Group at the Drake Hotel, Chicago. B. R. Emory, R. G. LeTourneau, Inc., Peoria, Ill., was Chairman of the two-day conference of the group and James S. Cox, The Chicago Association of Credit Men, was Secretary. Committee reports were given by Oscar Held, Sterling Motor Truck Company, Milwaukee; Urban Hipp, Barber-Greene Company, Aurora, Ill.; K. W. Cooke, Davey Compressor Co., Kent, Ohio, and O. J. Greiwe, Lima Locomotive Works, Lima.

Speakers and their subjects were: "Contract Terminations," J. P. Barsch, Lyon Metal Products Co., Aurora; "Conditional Sales," Ben T. Wiant, Osgood Company, Marion, Ohio; "Distributor Problems," B. R. Emory, R. G. LeTourneau, Inc.

## NACM Mourns John L. Redmond 38th President

John L. Redmond, the 38th President of the National Association of Credit Men and President of the Crompton-Richmond Company, New York, died on Saturday, May 27th, at the New Rochelle Hospital after a short illness from a heart affliction. Mr. Redmond, who had been a leader in N.A.C.M. and New York Credit Men's circles for a number of years, returned from the Omaha Credit Congress on Monday, May 22nd. On Tuesday he was taken to the hospital after being stricken with a heart ailment and died four days later.

John Redmond was elected President of N.A.C.M. at the Toronto Convention. He had served the Association as a National Director and at the Grand Rapids Credit Congress in 1939 was elected a National Vice President. The following year at the Toronto Convention he was named President. His term of office was marked by outstanding effort to advance the work of the National Association.

Mr. Redmond had been active in the affairs of the New York Association for a number of years. He entered the employ of the Crompton-Richmond Company soon after he finished his studies at the St. Joseph University in New Brunswick and, except for a short period during the first World War, was continuously in the employ of the Crompton-Richmond Company which is one of the largest manufactures of textiles in the eastern market.

Shortly after he was employed at the Crompton-Richmond Company, he was assigned to the credit department and was later promoted to the direction of the Credit Division where he showed his superior business acumen which brought him recognition by his firm and election to a Vice Presidency. At the end of 1943 he was elected President of the Crompton-Richmond Companies.

The news of Mr. Redmond's death was a distinct shock to a large circle of friends throughout the country. During his term of office as President, he made it a point to travel extensively and visit as many Associations as his active business career would make possible.

Mr. Redmond had been especially active in credit education and fraud prevention work.

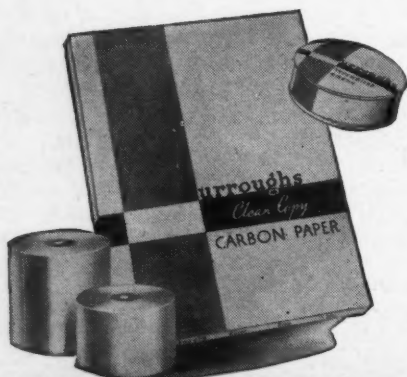
# BUY QUALITY CARBON PAPER ROLL PAPER RIBBONS

## SAVE 10% TO 40% THROUGH BURROUGHS DISCOUNT PURCHASE PLANS

Burroughs' intimate knowledge of business machines in action established the exacting specifications of quality which have always been characteristic of Burroughs supplies for business machines of all types and makes.

These supplies are available to you under Burroughs Discount Purchase Plans at savings of 10% to 40%. You enjoy the best in these fine supplies (and, incidentally, save storage space) because Burroughs delivers them fresh to you as you need them.

For full details, call your local Burroughs office or write Burroughs Adding Machine Co., Detroit 32, Mich.



# Burroughs

SUPPLIES FOR  
BUSINESS MACHINES

BURROUGHS ADDING MACHINE COMPANY

## News From the Women's Clubs

New York: June 1st marked the closing meeting of the New York Credit Women's Group; first a dinner which included members and many guests.

Among those present were Mr. and Mrs. William Fraser, Mrs. William Pouch and Mr. J. Rubinow.

Honored at the meeting also were two young ladies who had been awarded the Helen R. Pouch Scholarship—Miss Priscilla Willenson, M. & B. Cohen Company, 162 Fifth Avenue, New York 10, N. Y., and Miss Virginia Starke, Irving Trust Company, Woolworth Building, New York, N. Y.

A card party and musical program then followed. Everyone pronounced it a most enjoyable evening and the members adjourned for the summer, winding up one of the most successful seasons ever enjoyed by the Group.

Chicago: Highlights of the War Credit Congress at Omaha relating particularly to the activities of the National Credit Women's Clubs were given at the regular monthly meeting of the Credit Women's Club of Chicago at a dinner in the Stevens Building Restaurant, Tuesday evening, June 13. Reports were given by the delegates who attended and a very successful year for the Credit Women's Club as a whole was predicted.

## Renegotiation Rules In Loose Leaf Form

The Washington Service Bureau, 815 Bowen Building, Washington, D. C., reports that since the original announcement regarding the means of releasing the renegotiation regulations, it has been decided that the basic regulations and future amendments will be published in loose-leaf form by the Government Printing Office. A year's subscription costs two dollars.

## Paint Men Observe 20th Anniversary

New York: The Twentieth Anniversary of the Paint and Allied Industries Credit Association was observed with a dinner program held at the Building Trades Employers' Association, 2 Park Avenue. Among the guests of honor present were Earnest T. Trigg, President, National Paint, Varnish and Lacquer Association; A. R. De Vos, President, New York Paint, Varnish and Lacquer Association; and Nash S. Eldridge, President, New York Credit Men's Association. President Trigg, of the National Paint, Varnish and Lacquer Association, made the address of the evening.

## Interim Financing For Contractors Under New Navy Directive

In supplement of the article carried in the April issue of CREDIT AND FINANCIAL MANAGEMENT, the Navy Department's latest directives governing termination also include a provision permitting partial payments to be made prime contractors pending final settlement of a terminated contract.

The most recent provisions outlining general policy for settlement specify that the prime contractor should negotiate settlements with subcontractors and that interim financial aid should be granted to both prime and subcontractors pending determination of the amounts to which they will be entitled because of the termination of their contracts.

It is further stated that proposed settlements of claims of subcontractors submitted to the Contracting Officer for approval should be given prompt consideration without awaiting the conclusion of negotiations.

## L. W. Stolte Named Cleveland Prexy

Cleveland: The Cleveland Association of Credit Men at its Board of Trustees meeting held on Thursday, June 1st, elected the following to serve for the current year:

Lester W. Stolte, Fairbanks Morse & Company—President.

Edgar B. Gausby, The Warner & Swasey Company—1st Vice President.

William E. Atkinson, Ass't Vice President of The Cleveland Trust Company—2nd Vice President.

Evan H. Davis, Cleveland Electric Illuminating Company—Treasurer.

Kenneth S. Thomson—Secretary and Manager for the year.

At the Association's Board of Trustees Meeting, Bruce R. Tritton of Cleveland, a former National President, presented J. W. Lerner, the retiring President, with a beautiful silver tray, in token of the appreciation of the Board for his excellent leadership during the past twelve years, climaxed by his unusually successful year as President in 1943-1944.

## Markley Elected to Head Detroit Assn.

Detroit: The 49th annual meeting of the Detroit Association of Credit Men was held at the Wayne Ballroom, Statler Hotel. Malcolm W. Bingay, Editorial Director, Detroit Free Press, was the speaker who presented the interesting subject "Are Politicians People?" Before Mr. Bingay's address the annual election and installation of officers and directors was held, the following officers being elected: John A. Markley, Budd Wheel Company, President; P. E. Nichol, The Udylyte Corporation, 1st Vice President; Allan G. Campbell, Westcott Paper Products Company, 2nd Vice President; Milton J. Drake, The Detroit Bank, Treasurer.



## V. C. Eggerding Is Named President By St. Louis Assn.

St. Louis: The annual meeting and election of officers of the St. Louis Association of Credit Men was held at the Coronado Hotel, Saturday, May 13, preceded by a banquet and followed by a dance. One hundred and seventy-five members were in attendance. The following officers were elected to serve during the ensuing year:

President—V. C. Eggerding, Gaylord Container Corp.

First Vice President—O. A. Wangerin, Griesedieck Bros. Brewery Co.

Second Vice President—R. C. Gordon, Shell Oil Company, Inc.

The outgoing President, Mr. O. E. Dede, Krey Packing Company, was presented with a Hamilton pocket watch in recognition of his excellent services as President, and as a token of the membership's regard for him personally.

In his speech of acceptance President Eggerding outlined a progressive program for the ensuing year, particularly stressing plans for an increased membership.

## A. L. Peters Is Named St. Paul President

St. Paul: At the annual meeting of the Directors of the St. Paul Association of Credit Men, held on June 13th, the following were elected:

President—A. L. Peters, Vice President of the First National Bank, 4th and Minnesota, St. Paul 1, Minn.

Vice President—H. T. Anderson, Credit Manager, U. S. Steel Supply Co., 2545 University Ave., St. Paul 4, Minn.

Secretary-Treasurer—T. E. Reynolds, 512 Guardian Bldg., St. Paul 1, Minn.

Councilor—G. L. Johnson, Credit Manager, Farwell, Ozmun, Kirk Co., Jackson at Kellogg, St. Paul 1, Minn.

Representative on Executive Council of NCCCA—L. M. Nelson, Credit Manager, Northern Jobbing Co., 310 Broadway, St. Paul 1, Minn.

## Rock River "C" Men Talk Over Wage Plan

Chicago: Seventy-five members and guests of the Rock River Valley Division of The Chicago Association of Credit Men gathered at the Hotel Faust in Rockford Thursday evening, June 8, for a discussion of the U. S. Government Wage Stabilization Program. The speakers were Earl Halverson, Assistant Regional Director, 9th Region, Wage and Hour Division, U. S. Department of Labor, and Kate F. O'Connor, U. S. Department of Labor. Both speakers are located in the Chicago office of the Department of Labor. Miss O'Connor is a former Rockford business woman and well known in the Rock River Valley. A considerable part of the program was devoted to the question and answer period which proved intensely interesting.



**PATRICK A. TRACEY**

**Staff Sgt., U.S.A.A.F.**

**(Reported killed in a bombing raid  
over Germany on May 28, 1944)**

Before enlisting in the Army Air Force, Pat Tracey was employed on the staff of the Foreign Credit Dept. at the National Office. His is the first Gold Star on the roster of those in the Armed Services from the National Offices.

Mr. Heimann's editorial on page 2 expresses the tribute of the National staff to memory of our

**Patrick A. Tracey**

## Boston Chapter Plans For 25th Anniversary

Boston: The Boston Chapter, N. I. C., closed a very successful season with the annual meeting and election of officers on April 26th. During the past season a drive for new members resulted in an increase in membership better than 75 per cent. It is expected that a continuation of the membership drive will bring in still more new members next season. The coming season will mark the 25th anniversary of the Boston Chapter and it is planned to observe the event by sponsoring an enlarged Educational program in co-operation with the Commonwealth of Massachusetts, Dept. of Education, Div. of University Extension. It is also planned to observe the anniversary with a special meeting, at which it is expected outstanding leaders in the Credit Profession will be presented.

## Nash Eldridge Is Renamed President By N.Y. Association

New York: Nash S. Eldridge, Assistant Treasurer of J. P. Stevens & Co., Inc., was reelected President of the New York Credit Men's Association to serve until June, 1945, at the Association's annual meeting held at 354 Fourth Avenue, New York City, on June 8th.

Also reelected to serve with Mr. Eldridge for an additional year were: Earl N. Felio of Colgate-Palmolive-Peet Co., as First Vice President; H. P. Reader of Cannon Mills, Inc., and E. W. Moon, Jr., of Otis Elevator Co. as Vice Presidents; L. D. Duncan of National Distillers Products Corp. was also elected Vice President; Joseph Rubanow of Manufacturers Trust Co. was elected Treasurer.

Additional Directors elected to the Association's Board are: F. J. O'Connor of H. A. Caesar & Co.; W. G. Willoschat of Hesslein & Co., Inc.; Frederick W. Zander of U. S. Plywood Corp.; S. Salinger of Seaman Bros., Inc.; R. G. Woodbury of Textile Banking Co.; Wm. F. Egelhofer of Henry Glass & Co. and Charles T. Corby of Colonial Works, Inc.

Mr. Eldridge reported at the annual meeting that during the past Association year, 445 new members joined the Association and that the total membership reached 2500, the highest it has been since 1928. The membership of the New York Credit Men's Association is made up of manufacturers, banking institutions, wholesalers, importers and exporters located and doing business in the Metropolitan area of New York.

## Millard C. Lamb to Head Omaha A.C.M.

Omaha: Omaha held its annual meeting and election of officers on Thursday, May 25, at Hotel Regis, electing as President, Millard C. Lamb, Storz Supply Corporation, 2215 Harvey Street; First Vice President, Ross J. Ulman, Tootle Campbell Dry Goods Company, 9th and Howard Streets, and Second Vice President, Steve J. Wirtz, Omaha National Bank.

Directors elected for a three-year term were: Henrietta Lamb, Martin Bros. & Co.; A. T. Halpin, Omaha Bakers Supply Co.; J. C. Conley, Wright & Wilhelmy Co.; H. F. Finks, H. A. Marr Grocery Co.; C. W. Gardiner, Merchants Biscuit Co.

## Confers with New Chicago Committees

Chicago: C. L. Holman, newly elected President of The Chicago Association of Credit Men, has completed the appointment of the standing committees of the Association for the coming fiscal year. Mr. Holman also is meeting with the members of each of the standing committees and conferring with them in regard to the work which includes one of the most extensive programs which the Association has as yet outlined.

## Vic Eggerding Heads Divisional Drive for St. Louis War Chest

St. Louis: Victor C. Eggerding, general credit manager of Gaylord Container Corporation, will be one of the divisional chairmen of the Greater St. Louis War Chest campaign, to be held October 5 to 31.

Eggerding, who is prominent in business and civic circles in St. Louis, will be responsible for recruiting 6000 volunteers for house-to-house soliciting in the south section of the city.

## Chart Showing NACM Functional Organization

(Continued from page 31)

also is assigned to this Insurance Committee.

Credit Congress preparations are assigned to Frederick A. Schrop. As this assignment requires only about three months out of the year Mr. Schrop also assists in the promotional work of the Fraud Prevention Department both in New York and Chicago.

The plan to re-emphasize the activity of the Councillors as contact representatives between the National and the local Association is being carried on with Past President Paul W. Miller as National Chairman. This activity will be under the di-

rect supervision of D. A. Weir, Secretary and Assistant Executive Manager.

## New York CMA Adds 100 More to Its Membership

New York: The New York Credit Men's Association is happy to report that since the Omaha Convention 100 additional members have been added to the rolls bringing the total membership of the New York Credit Men's Association to 2600.

The New York Credit Men's Adjustment Bureau, Inc., a membership corporation to handle the "breakdowns" of Association members, became a legal fact recently and is now functioning. Members have been asked, until the Bureau can again become self-sustaining through income, to take annual memberships at the rate of \$250 per firm. Numerous applications for membership have already been received. The object is to preserve the experienced staff and machinery built up over the past years so that when conditions again become normal, members will have this necessary service at their command.

The National Food and Allied

Products Trade Division, headed by its Chairman, Fred Harris of B. Fischer & Co., held a get together in June at the Hempstead Country Club, West Hempstead, L. I. This is the last time the group will meet until they resume their regular group functions in October. Incidentally, the membership of this group increased during the past Association year and several additional applications for membership are before them which will be considered in the Fall.

The Conference of Apparel Credit Men, Inc., had as its speaker in June Mr. C. F. Hughes, Business Editor of the New York Times, who ably covered his viewpoint of the retail situation, present and future.

### Position Wanted Ads:

**POSITION WANTED.** Assistant Credit Man, seven years' credit background in New York City. Law, accounting and Credit Institute training. Desires position in Northeastern States. Write Credit and Financial Management, Box 7-A.

**POSITION WANTED.** Experienced Sales-Minded Credit Manager available. Age 40, desires to locate in South or Southwest on account of child's health. Thirteen years with one of the largest midwestern Petroleum Refiners and Distributors handling all phases of credit and collection work in connection with governmental, industrial, farm, consumer, dealer and credit card accounts. Capable of formulating and directing credit policies, methods and departmental administration. Ample experience in working with field personnel and in direct customer contacts. Write Credit and Financial Management, Box 7-B.

## Approved Adjustment Bureaus

(Continued from page 29)

of the Oklahoma Wholesale Credit Men's Assn., 901-04 Cotton-Grain Exchange Bldg., Oklahoma City 2, M. D. Pemberton, Secy.-Mgr. (ABPRT)

OREGON—Portland—Adjustment Bureau of the Portland A.C.M., 471 Pittock Block, Portland 5, E. W. Johnson, Executive V.P. & Mgr. (ABCPRT)

PENNSYLVANIA—Pittsburgh—Adjustment and Service Bureau of the Credit Association of Western Pa., 701 Commonwealth Annex, Pittsburgh 22, H. M. Oliver, Secy. & Exec. Mgr. (ABCPRT)

RHODE ISLAND—Providence—Adjustment Bureau of the Rhode Island A.C.M., 87 Weybosset St., Providence 3, Henry T. Farrell, Exec. Secy.-Mgr. (ABCPRT)

TENNESSEE—Chattanooga—Adjustment Bureau of the Chattanooga A.C.M., Suite 1124 Hamilton National Bank Bldg., Chattanooga 2, G. Royal Neese, Secy.-Mgr. (ABCPRT)

Memphis—Adjustment Bureau of the Memphis A.C.M., 802 McCall Bldg., Memphis 1, E. C. Correll, Secy.-Mgr. (ABCPRT)

TEXAS—Dallas—Adjustment Bureau of the Dallas Wholesale Credit Men's Association, Inc., 1314

Wood St., Thomas Bldg., Dallas 1, Paul A. Kerin, Secy.-Mgr. (ABCPRT)

UTAH—Salt Lake City—Adjustment Bureau of the Inter-Mountain A.C.M., 1008 Walker Bank Bldg., Salt Lake City 10, Robert Peel, Secy.-Mgr. (ABCPRT)

VIRGINIA—Richmond—Adjustment Bureau of the Richmond A.C.M., Inc., 218 Travelers Bldg., Richmond 9, Harry F. Boswell, Secy.-Mgr. (ABCPRT)

WASHINGTON—Seattle—Adjustment Bureau of the Seattle A.C.M., 6th Floor Marion Bldg., Seattle 4, C. P. King, Secy.-Mgr. (ABRT)

Collections: Association Collectors, Inc., 6th Floor, Marion Bldg., Seattle 4, Chas. T. Corbin, Jr., Mgr. (CP)

Tacoma—Wholesalers Association of Tacoma, 510 Perkins Bldg., Tacoma 1, G. G. Whipple, Secy.-Mgr. (ABCPRT)

WISCONSIN—Green Bay—Adjustment Bureau of the Northern Wisconsin-Michigan A.C.M., 206 Main Street, R. C. Creviston, Secy.-Mgr. (ABCPRT)

Milwaukee—Adjustment Bureau of the Milwaukee A.C.M., 715 N. Van Buren St., Milwaukee 2, Herman S. Garness, Secy.-Mgr. (ABCPRT)